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Money

SEPTEMBER 2015 • MONEY.COM

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plus

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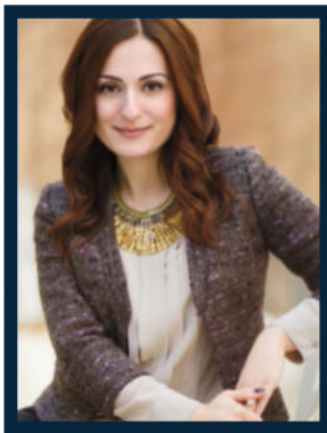
AMERICA'S TOP 50 SMALL TOWNS

No. 1 APEX, N.C.

2. PAPILLION, NEB.
3. SHARON, MASS.
4. LOUISVILLE, COLO.
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THE WILSON FAMILY OF APEX AT JORDAN LAKE



FARNOOSH TORABI

ENJOY TODAY AND HAVE A PLAN FOR TOMORROW *brought to you by* CHASE PRIVATE CLIENT

HAVING IT ALL

From saving for college to retirement, planning for many different goals can feel overwhelming at times. Personal finance expert **Farnoosh Torabi** explains how to direct your dollars with purpose so you can be best positioned to meet your goals.

1. FACE ALL THE FACTS

"The first step is to get goal specific. Visualize precisely what you want, and understand the true numbers involved. For example, for college planning decide whether it will be a private or public school, and if you want to pay for it all or just some of it. For retirement, think about whether or not you will continue to work part time, since that can mean a different savings strategy altogether."

2. Tailor your savings tactics

"Every goal has a price tag; the sooner you narrow it down, the sooner you can plan, save and make it come true."

COLLEGE

"For college, it may mean opening a 529-college savings account to get the wheels in motion."



RETIREMENT

"For retirement, it may mean upping the contribution to your savings plan at work."



BOTH

"Try saving in a Roth IRA, which is primarily for retirement savings, but you can also use it for college without any tax penalties."



3. CONSIDER THE LEGACY YOU WANT TO LEAVE

"It's good to think about wealth transfer or inheritance. We all want to do right by our loved ones, especially with the uncertainty of knowing what circumstances they will face. But it is crucial to weigh this with the life you want to lead in your later years."

4. ANALYZE CURRENT SPENDING

"Let your goals drive your spending. Are you making room in your budget for what you actually need or want? Decide what tradeoffs you can make today to better achieve your goals tomorrow."

5. TALK IT OUT

"Communicate well and often with your partner. I can tell you firsthand just how important it is to discuss all of these things with your significant other and financial planner so that you can work together to protect and achieve your goals."

Build on the strategies and tips shared by personal finance expert, Farnoosh Torabi. Visit a Chase branch today to benefit from personalized advice, investment expertise and access to a dedicated team committed to helping you pursue the goals most important to you.

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We're on the same page.



Technically, we're on the next page. But we couldn't agree more with personal finance expert Farnoosh Torabi. Meet with one of our Advisors to discuss your financial goals and benefit from exclusive access to planning advice and investment expertise from J.P. Morgan.

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Money BEST PLACES Money.com

Money FEATURES

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★ ABOVE: THE CREWS FAMILY IN OUR NO. 2 TOWN, PAPILLION, NEB.

WARDROBE STYLING BY CAROLE ZACEK; GROOMING BY ANN LUCHSINGER

Photograph by **RYAN DONNELL**

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*Morningstar Direct, data as of 02/09/2015. Based on a comparison of total offerings of distinct U.S. Mutual Funds and ETFs classified by Morningstar as Sector Equity within the universe of 175 U.S. investment firms offering mutual funds and ETFs.

System availability and response times may be subject to market conditions.

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ONLINE COMMENTS ABOUT RECENT *MONEY* STORIES

It's a great deal. 16 bucks and I have Showtime and Hulu.

ERIN DAVIS
Re: "The Cord-Cutter's Guide to Streaming TV Services"

You don't earn enough money.

AUGUSTUS KING
Re: "5 Reasons Your Budget Isn't Working"

You know what has better perks? Cash.

@HOMEWHISPERER07
Re: "Plastic With Privileges"

I've been using men's razors for years. They work wayyy better and they're less expensive.

TINA TEE
Re: "6 Men's Products Women Should Buy Instead"

This came too late for me. ☹☹ Took a lump sum ... and it's gone. Age 60.

KATHLEEN MILLER
Re: "The Trouble With Taking a Lump Sum Pension Payout"



RE: HOW TO REACH ONE MILLION [AUGUST]

In your outstanding cover story, you compared the likelihood of meeting a millionaire with meeting a schoolteacher. What about a millionaire schoolteacher? I taught for 30 years in one of the poorest teacher-paid states, yet was able to reach that goal through prudent automatic investments in Vanguard's index funds. The strategy truly works. Thanks to Jack Bogle for creating such a wonderful investment tool.

JASON CARTER, *Tulsa*

MORE TAX HEADACHES

Thank you for "Phony Tax Returns Released to Victims" [August]. After the obligatory 80-minute hold to reach the IRS for my copy, the agent informed me she would not provide me a copy of the fraudulent claim used to attempt to cash in on a $9,500 bogus return in my name. After I read her your piece, she admitted that "sometimes the public knows about these changes in policy before the IRS employees do."

MAX MILANO
Magnolia, N.J.

SOCIAL SECURITY AND YOUR KIDS

Kudos for alerting your readers to the Social Security benefits for minors in "Why Kids Can Be Game Changers" [August]. However, while you mention that the money is for your kids, you should indicate that the government requires you to document how the money was used for their benefit.

LEONARD VISCONTI
Sagamore Hills, Ohio

THE SIX-YEAR PLAN

To find "The Best Colleges for Your Money" [August], you used the schools' "six-year graduation rate." What is this? When I graduated, the only students who went for more than four years had failed classes. Or have today's students spread their workload over six years so they have more time to play?

GEORGE STARZMANN
Falling Waters, W. Va.

OUR FAVORITE COMMENT

Glad to hear that Washington has put more teeth into stopping robocalls ("Stop Spam Texts and Robocalls," August). Now if there was only something we could do to stop the political calls before the next election.

LAWRENCE MCCRONE, *Bellevue, Wash.*

EDITOR'S NOTE

Six years is the standard used by the Education Department, though the average student graduates in 4.4 years.

PHOTOGRAPH BY THE VOORHES

EDITOR'S NOTE

Write the Editor: editor@moneymail.com

Oh, the Best Places *You'll Go!*



TAKING IN JORDAN LAKE IN APEX, N.C., OUR NO. 1 TOWN

ABOUT ONE IN NINE Americans moved last year, the Census Bureau reports. That's considerably lower than the one-in-five rate that was typical nearly 70 years ago, yet still puts us among the most mobile people on the planet. Over a lifetime, the average person in the U.S. will move roughly 11 times; big moves, such as crossing state lines, are most likely for job reasons.

By these standards, I'm fairly provincial. I've switched addresses just seven times in my life, mostly within the greater New York City metropolitan area. Still, I figure I've probably got at least a couple of more moves ahead of me, particularly now that my daughter has recently relocated to Los Angeles, and I've got family dotted along the West Coast, from Southern California to the tip of Washington State.

So for practical as well as fanciful reasons, I love our annual Best Places to Live rankings, both the small-towns list (page 54) and its big-city counterpart (page 70). The stories give me a daydreamer's glimpse of outstanding communities I may never get a chance to visit and a short list of places I might actually move to someday. Like *30 Rock*'s Liz Lemon, as I read the town profiles, I kept thinking, "I want to go to there."

BPL, as we call it around here, is not only one of our most popular franchises, it's also a really smart one. Project manager Donna Rosato, working with associate editor Susie Poppick and Money.com deputy editor Laura Goldstein, crunched data on thousands of towns, evaluating them on more than 40 factors, and oversaw an eight-person team that logged over 2,100 miles of on-the-ground reporting to come up with the 2015 list of top small towns. For the first time this year, we also mined the database to rank the nation's biggest cities (in past years, we looked at neighborhoods in major urban centers)—an effort led by Poppick and editor-at-large Marc Peyser and reported by writer Ian Salisbury.

The results, I think, are fascinating, and I hope you'll find both stories a great read. Please let me know, and enjoy the rest of the issue as well.

Diane Harris

DIANE HARRIS
EDITOR

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FIRST



Price hike for top 50 generic drugs

The average cost of the 50 most-utilized generic drugs was $62.10 per prescription in 2014, up from $13.14 in 2010, according to Catamaran, a pharmacy benefit management company. "The biggest misconception is that generics always cost much less than branded drugs," says health care consultant Martine Ehrenclou. "That's just no longer true." But you can still save with a few tips.

SAVINGS RX

KNOW YOUR CO-PAY Before choosing a health plan, make a list of your medications, then verify that they're in the formulary, the list of the drugs covered and the co-pay or co-insurance rates. The insurer's customer service can help, Ehrenclou says.

SHOP AROUND Compare medication costs online; cash prices may be lower than your out-of-pocket insurance costs. "Prices are all over the place for generics," says Doug Hirsch, co-founder of GoodRx.com, a drug-cost-comparison site. While the average cash price for generic Lipitor is $82.44 according to GoodRx, you can get it at Walmart for $10.90 with a GoodRx coupon.

ASK YOUR DOCTOR Your physician may be able to recommend another drug in the same class. "We can try to help find something in a patient's health plan that might not be quite so expensive," says Dr. John Antalis, a family physician in Dalton, Ga. —KARA BRANDEISKY

Photograph by KEVIN VAN AELST

Want tips on paying for college? Check out MONEY's exclusive College Planner at ***money.us/colleges.***



HIGHER ED

The Bright Side of College Costs

PARENTS SPENT MORE on college last year—and that could be a good thing. While Sallie Mae's annual How America Pays for College survey does show college costs continuing to rise, the fact that parents' contributions increased by an average of $1,391 in 2014–15 suggests they've become more willing to part with their cash. Coupled with results showing that families worried less about their jobs and home values, that could be a sign of an improving economy, Sallie Mae concluded.

Overall, the survey found that parents paid $7,683 on average toward college in 2014–15, up 22% and the first significant increase in five years. Four in 10 families took out loans to help pay for school, primarily to send their children to a more expensive college, not for basic access to higher education. Borrowers spent a third more than those who didn't borrow, and their students were more likely to be enrolled in private colleges. —KAITLIN MULHERE

MORE OUT-OF-POCKET

Average parental contribution to college costs



SOURCE: *Sallie Mae*



SHOPPING

JET.COM VS. AMAZON AND COSTCO

If you're not familiar with Jet.com, you will be soon. Jet's plan is simple: to offer the absolute lowest prices on the web. What's more, the prices get cheaper in real time as shoppers add to their carts, and they drop even more if shoppers click on options that lower Jet's costs, such as paying with debit instead of credit.

So here's the catch: Purchases can be made only by members, who pay a $50 annual fee—it's like Costco crossed with Amazon Prime. "We're going after that segment of the market that really cares about price and is willing to pay a fee to save," CEO Marc Lore told the *Wall Street Journal.*

Will shoppers ditch Costco and Amazon Prime for Jet? After all, Jet doesn't offer those in-store samples, same-day shipping, or video streaming, nor does it match those companies' incredible inventory. Let the shopping wars begin. —*BRAD TUTTLE*

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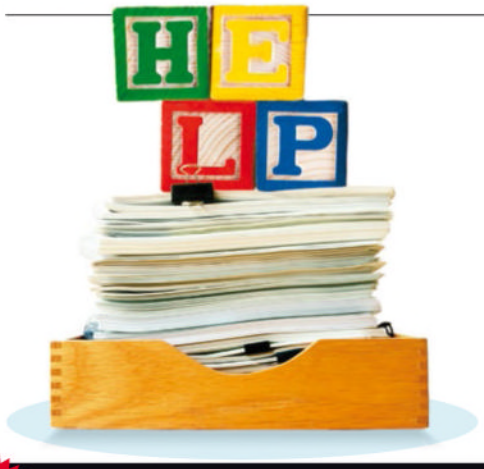
"If you have some drive and want to make a million, you should be in business for yourself."

Debra Cohen, *founder, Homeowner Referral Network*

Illustration by **RICHARD MIA**

PHOTOGRAPH BY GETTY IMAGES (BOXING GLOVES)

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READERS TO THE RESCUE

"As a nonparent, I get stuck when a co-worker has a sick child or school event. How can I make things fairer?"

SEE "BEST PLACES TO LIVE" (PAGE 54)

FACEBOOK QUESTION OF THE MONTH

WHAT IS YOUR DEFINITION OF A GREAT PLACE TO LIVE?

"More nature. Less politics. No rat race." —MIKE REED

"Definitely a place with an Internet connection and where no one else lives. Then I could do whatever I wanted." —HAYTEM OUADAA

"A place that is paid for and provides positive cash flow from a secondary suite." —TANYA HORSFALL

"I live in Oceanside, Calif. Sun, sea, surf, repeat." —CHUCK RICE

"A tiny house, slightly away from the city and the lights and traffic, yet still near civilization—and a Target." —HEATHER SHUE

"Somewhere walkable to a grocery, restaurants, entertainment, and my job. *Soooo* tired of driving constantly." —TRACI MORRIS

"Good cost of living, mild weather, and lots of things to do for all ages." —DANA LEACH



As a single mother of three, I understand your frustration. When emergencies arise, family will always come first. But if you feel a co-worker isn't pulling her load, address it with your supervisor.

RACHEL GAUSE
Richlands, N.C.

You should be compensated. Perhaps you could negotiate more vacation time, a flextime schedule, or working from home some days of the week.

LORI L. WHEAT
Bremerton, Wash.

Ask your manager to talk to your co-worker about time management. Maybe she can work on long-term assignments that won't be delayed if she needs time off so you won't have to pick up the slack.

DENISE TORRACO
New Bedford, Mass.

Most co-workers have about the same sick time and vacation time. You may get extra work when their kid is sick, but they get extra work when you go on vacation. It all evens out.

AMY EDWARDS
Birmingham, Ala.



Help out the co-worker, but make sure he agrees to do some of your work when you call in sick or go on vacation. Working in an office is a team effort, and that means covering for others.

MARC T. HARDEKOPF
Orlando



Juggling work and kids is hard, but you should have a talk with your co-workers. Let them know it affects you, and hopefully they will try to compensate with lunches, drinks, or gift cards.

DIANA MCCAFFREY
Columbia, Md.

THE EXPERT SAYS

In the workplace, the more we can go right to the source of our concerns, the better. If this is an individual issue, remind your co-worker that you're a team and not her backup. If it's a workplace issue, talk to your manager about ways to make the office more flexible for everyone.

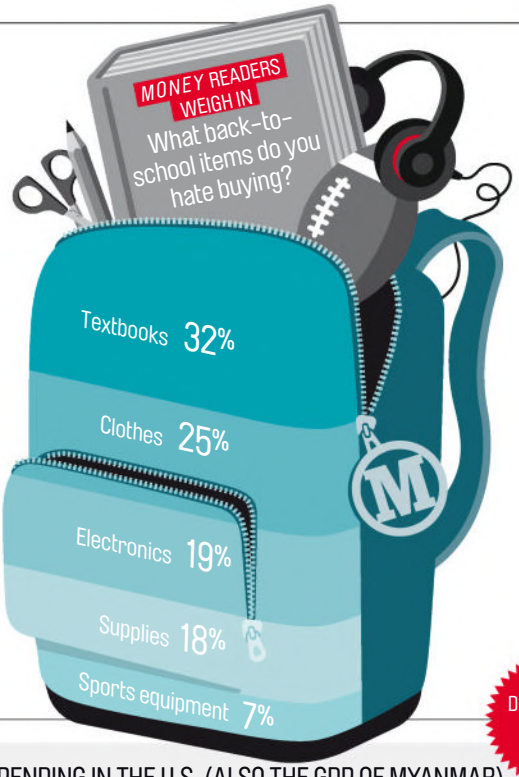
LIZ O'DONNELL
Author of Mogul, Mom, & Maid: The Balancing Act of the Modern Woman

Want solutions to a financial dilemma in your life? Email your question to social@moneymail.com.

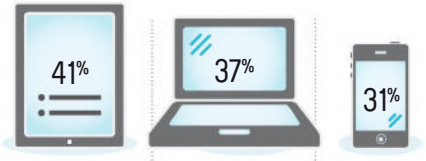
PHOTOGRAPHS BY GETTY IMAGES (2)

Next month's question: ***Have you been a victim of identify theft? How much was stolen?*** *Tell us about it at* ***Money.com.***

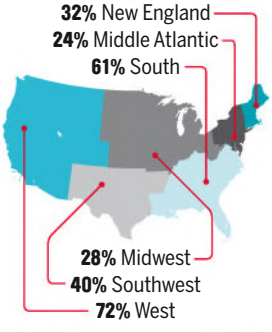
Back-to-School Price Tags

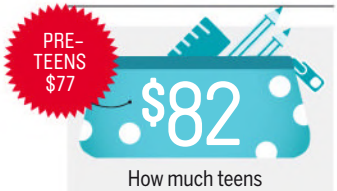


WHAT TECH ITEMS DO YOU PLAN TO BUY FOR SCHOOL THIS YEAR?



WHERE TUITION SURGED IN THE PAST DECADE





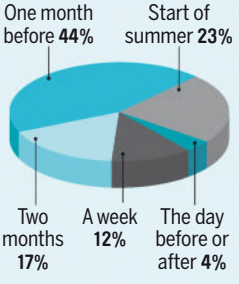
How much teens shell out of their own cash for supplies

TOTAL BACK-TO-SCHOOL SPENDING IN THE U.S. (ALSO THE GDP OF MYANMAR)

$68,000,000,000

DOWN 10% FROM 2014

WHEN DO YOU BEGIN YOUR BACK-TO-SCHOOL SHOPPING?



WALLET BUSTERS: Parents of elementary school students spend **$630** on clothes, supplies, and electronics. Parents of high school students: **$662.**

DO YOU BACK-TO-SCHOOL SHOP WITH YOUR KIDS?



THE EXTRA COST OF EXTRACURRICULARS (BAND, FIELD TRIPS, ETC.)



BEYOND BOOKS: A FEW *MORE* COLLEGE BILLS

$416	+ $293	+ $246	+ $103	+ $79	= $1,137
Electronics	Clothes and shoes	Room decor	Personal care	School supplies	TOTAL

NOTES: *Online poll conducted in June and July; 764 responses. Regional costs represent the increase in tuition, room, and board at public universities from 2004 to 2014; cost of school supplies, dorm room features, and extracurriculars based on average spending nationwide.* ***SOURCES:*** *Huntington Backpack Survey, Rubicon Project, NRF, the College Board*

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Beach Bargains

These ritzy resorts clear out after Labor Day, but it's still great swimming weather. Even better, the rates start plunging like an anchor. —KATHRYN O'SHEA-EVANS



MONTAUK, NEW YORK

When posh Manhattanites helicopter out to this hamlet on the tip of Long Island, they flock to Gurney's Montauk Resort & Seawater Spa. Swap a mid-August stay for a mid-September one, and you'll pay $360, vs. $495, for an ocean-view studio, complete with a private terrace. (For a more affordable getaway, try the Ocean Resort Inn, with rooms for $169 in September.) Once you've worked up an appetite, BYOB and try the lobster dinner ($33) at Duryea's Lobster Deck. **SEPTEMBER TEMP: 74°**

GALVESTON, TEXAS

Sinatra and F.D.R. slept at the Hotel Galvez & Spa, and for $139 a night (down from $179 in August) you can too. The mission-style building has prime views of the Gulf, or you can hop on one of the hotel's loaner bikes and go for a surfside ride. Don't leave without taking a free tour of the sea turtle research center at the National Oceanic and Atmospheric Administration's lab. **SEPTEMBER TEMP: 87°**

MAUI, HAWAII

The Four Seasons Maui at Wailea is the only resort on the Valley Isle without a resort fee. Go in low season (September to November) to nab a room overlooking the Haleakala volcano for $499, vs. $699 in August—a great deal on a once-in-a-lifetime trip. Among the complimentary amenities: scuba lessons, canoeing, snorkeling, a kids program, and pool cabanas. The black-sand beaches at Waianapanapa State Park are nearby, and entry is free. **SEPTEMBER TEMP: 88°**

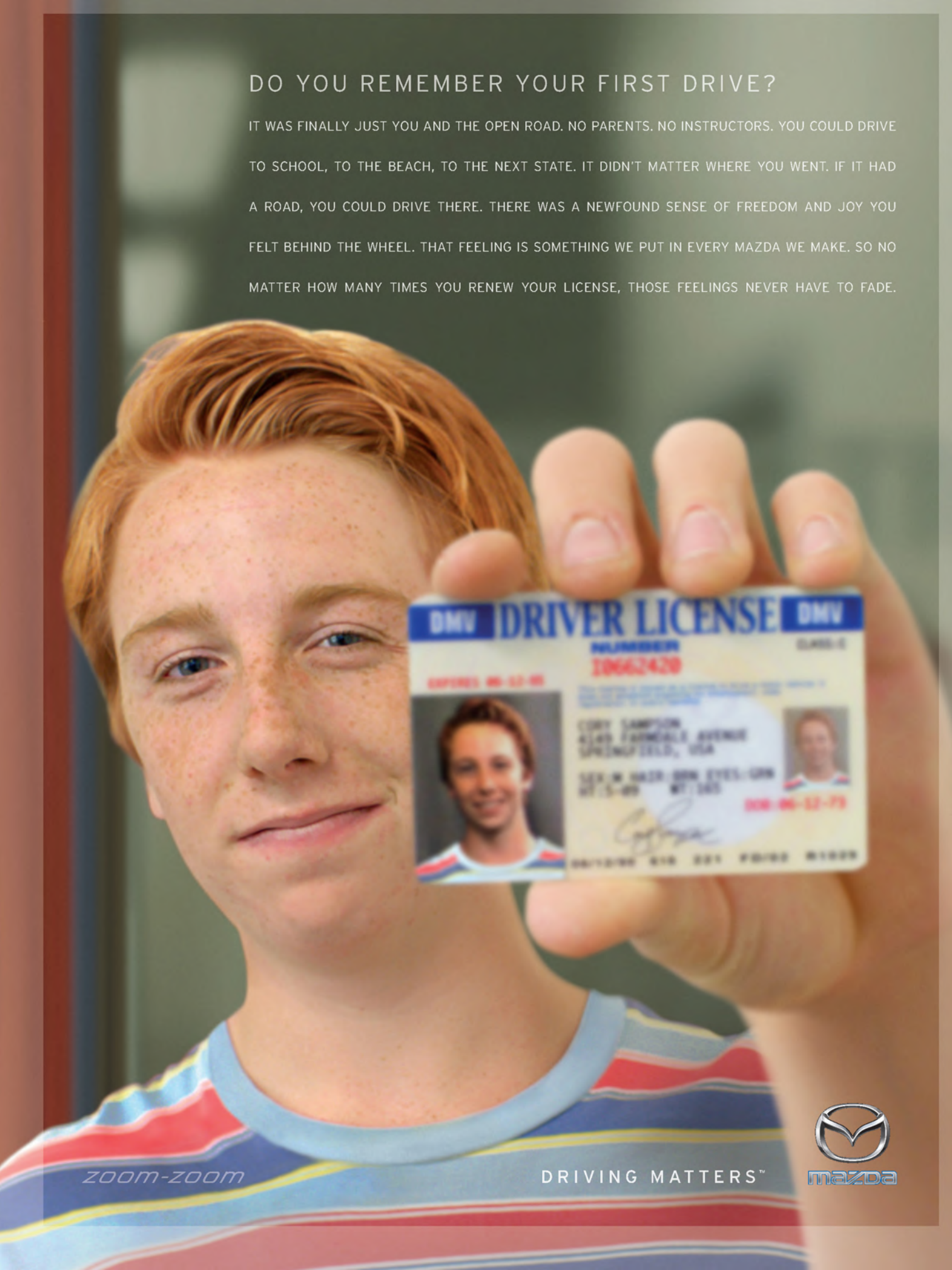




SEA ISLAND, GEORGIA

You'll get access to all three of Sea Island's legendary golf courses—and the amenities at the lavish Cloister hotel—when you book at the Inn at Sea Island. It's a new property with 85 marine-themed rooms, free breakfasts, and five miles of soft-sand beaches at the ready (rates are $195 in September, down from $275 in August). For a nautical change of pace, you can clamber up the 104-foot St. Simons Lighthouse ($12), which has been guiding ships into port since 1872. **SEPTEMBER TEMP: 85°**

CLOCKWISE FROM TOP: PHOTOGRAPH COURTESY OF FOUR SEASONS RESORT MAUI; COURTESY OF SEA ISLAND RESORT; COURTESY OF HOTEL GALVEZ & SPA; JAN GORZYNIK/ALAMY


DO YOU REMEMBER YOUR FIRST DRIVE?
IT WAS FINALLY JUST YOU AND THE OPEN ROAD. NO PARENTS. NO INSTRUCTORS. YOU COULD DRIVE TO SCHOOL, TO THE BEACH, TO THE NEXT STATE. IT DIDN'T MATTER WHERE YOU WENT. IF IT HAD A ROAD, YOU COULD DRIVE THERE. THERE WAS A NEWFOUND SENSE OF FREEDOM AND JOY YOU FELT BEHIND THE WHEEL. THAT FEELING IS SOMETHING WE PUT IN EVERY MAZDA WE MAKE. SO NO MATTER HOW MANY TIMES YOU RENEW YOUR LICENSE, THOSE FEELINGS NEVER HAVE TO FADE.
DMV
DRIVER LICENSE
DMV
zoom-zoom
DRIVING MATTERS™
mazda

Top of Their Class

Give your favorite student a great start with these smart and affordable gadgets. —DOUG AAMOTH



Rugged Smartphone

SAMSUNG GALAXY S6 ACTIVE: Navigating the hallways, cafeteria, and sports fields isn't for the faint of heart. Thankfully, Samsung has taken its popular Galaxy S6 line and produced the rugged S6 Active version. Anyone who has ever paid hundreds of dollars to repair a damaged phone will appreciate this tough guy's dustproof, shockproof, and water-resistant shell; it includes all the standard Android apps and features.

Versatile Laptop

TOSHIBA CHROMEBOOK 2: It may not be able to run full Windows programs, but this Chromebook packs a ton of features into its spartan design. You get a gorgeous full-HD display, respectable RAM, eight-plus hours of battery life, and an amazing keyboard in a three-pound, 13.3-inch package. Plus, the Chromebook is virtually virus-proof, so you'll save hundreds on security software over the life of the computer.

Backpack With Solar Charger

VOLTAIC SYSTEMS CONVERTER: "Innovation" and "backpacks" don't usually cross paths, but they do in this clever hybrid. The built-in solar panel charges after about eight hours in the sun (or one hour in an outlet) and lets you juice up your phone or tablet via a standard USB cord. The whole setup weighs just over two pounds and provides plenty of room inside for your other gadgets too, including a 15-inch padded pocket for your laptop.

PHOTOGRAPH BY DAVID ARKY; STYLING BY TERRY LEWIS

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*30-day Unlimited Plans include 3GB of high-speed data per 30-day cycle. After 3GB, your data speed will be reduced to as low as 64kbps for the remainder of the 30-day cycle. If your data speed is reduced, the reduced speed may impact the functionality of some data applications, such as streaming audio or video or web browsing. Straight Talk reserves the right to terminate your service for unauthorized or abnormal usage. Please refer always to the latest Terms and Conditions of Service at StraightTalk.com.

†"Half the Cost" is based on a service comparison of the two largest contract carriers' monthly online prices for comparable individual post-paid contract service plans and Straight Talk's $45 service plan. Excluding the cost of the phone, additional fees and limited time promotions. Source: Contract carriers' websites, March 2015.

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Stand Out on Social Media

SIX SMART WAYS TO LEVERAGE LINKEDIN, TWITTER, AND OTHER TOOLS TO ADVANCE YOUR CAREER. *by* **Kerry Hannon**

IT'S NO LONGER ENOUGH simply to have a Twitter profile and post occasionally. To really be a star professionally, experts say, you need to plug into a social media community.

A strong digital presence can raise your visibility, helping you catch the eye of higher-ups at your firm, job candidates, recruiters, and even prospective business partners. "Being visible in social media provides 'social proof' that you are up to date," says Susan P. Joyce, an online-job-search expert. It allows you to demonstrate "what you know and, to some degree, who you know," she adds.

PROP STYLING BY JARED LAWTON. BIRDS PROVIDED BY ALL CREATURES GREAT AND SMALL

Photograph by **GREGORY REID**

If you're still treading lightly, take these steps to upgrade your social strategy and advance your career.

BRAG (A LITTLE)

You probably have a LinkedIn profile, but unless you're job hunting, you also probably ignore it. "As your career progresses and changes, so should your profile," says Catherine Fisher, LinkedIn's in-house career expert. If you've been promoted or won an award, add it to your profile.

Also add a background image. Be strategic: If you're over 50, for instance, choose a photo that shows how energetic you are; if you want a reputation as an expert, use images of you speaking at events. You can use a web tool like PicMonkey to upload several images and create a collage.

PICK YOUR PLATFORMS

Ask peers which networks they use professionally. "Some will be better than others based on your job," says Dan Schawbel, author of *Promote Yourself: The New Rules for Career Success.*

Go beyond LinkedIn, Twitter, even Facebook: Photographers tend to showcase their work on Instagram, he says, while Pinterest is better for fashion and retail pros "because the focus is on clothing and other consumer goods." And some social networks are even more specific. Stack Overflow, for example, lets programmers ask questions and share information; Doximity connects physicians with other health care professionals.

Schawbel also cautions that if you're going to use a personal profile (say, on Facebook or Instagram) professionally, be careful to portray yourself as you'd want colleagues to see you.

BUILD RELATIONSHIPS

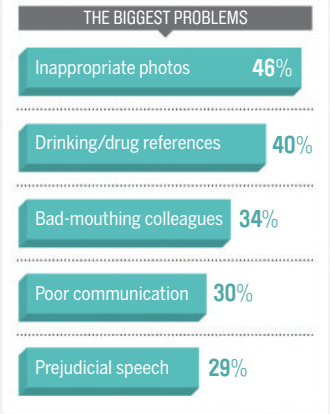
Identify the individuals and companies you want to connect with; these might range from close colleagues to industry leaders.

Again, ask co-workers for a few suggestions, then watch to see whom those people interact with. Donna Svei, an executive search consultant, says she found Facebook groups for recruiters just "by seeing where my colleagues had joined on Facebook."

Engage politely, Schawbel says: "The best way to [approach] people that you don't know on social networks is to follow them, retweet them, and respond to their comments." And don't be selfish: "Always connect based on their interests first and your motives second."

Social Misfires

About half of the hiring managers who screen social networks say they've found deal breakers.



SOURCE: CareerBuilder survey

MAKE THE TIME

Carve out time at least twice a day to engage on all the platforms you've committed to—perhaps an hour in total. (Set a timer if you think you'll get sucked in.)

Read updates and comment where you have something of substance to add, and try to post, share, or retweet a handful of items each day. Just make sure that the content you're sharing (or even clicking as "Favorite") supports the image you want to convey; never retweet without reading first.

BE CONSISTENT

As you build your online reputation, make sure people can find you when they search. Use an identical form of your name in all professional communications, says Joyce: social media accounts, business cards, blog posts, and résumés.

You can't be called John in one place and Jack in another, she says. The same goes for middle initials, maiden names, hyphenated surnames, and suffixes. If you want to be known as John W. Smith-Jones Jr., use it in all contexts.

FOLLOW THE RULES

One final note: Check with HR to see if either your company or your industry has rules about what you can post. Never reveal confidential company information, like products in the works or financial performance. Identify yourself as an employee when commenting about your company. Make clear that your views are personal.

And, of course, always do a gut check before you post anything.

RETIREMENT

Q When should I sign up for my Medicare coverage?

A Medicare coverage generally kicks in at 65, and the deadlines matter.

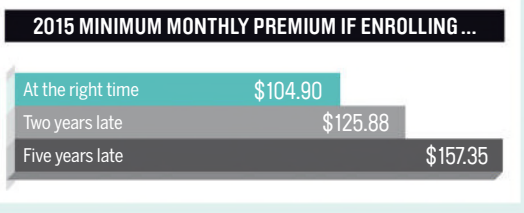
The initial enrollment period—the three months before you turn 65, your birthday month, and the three months after—applies to all forms of Medicare. That's Part A (hospital), B (doctor and outpatient costs), C (private Advantage plans that cover A and B), and D (prescription drugs).

Miss that window, and face serious consequences. For one thing, you'll have to wait until the annual enrollment period for Part A and B; that runs from January to March each year.

More problematic, late enrollment triggers pricey surcharges (see graphic), which last a lifetime and grow with each year of delay.

Contributor **Philip Moeller is co-author of *Get What's Yours: The Secrets to Maxing Out Your Social Security.***

Delaying enrollment in Medicare Part B can tack on stiff penalties to your premium—for the rest of your life.



SOURCE: Philip Moeller

TIPPING

Q How much should I tip the various people who do work at my house?

A If you use a service to hire workers (lawn crews, snowplow drivers), tip those you get regular visits from—but not the owners, says **Boston etiquette consultant Jodi R.R. Smith.** Tip once a year, as close to the holidays as you can.

Don't tip craftsmen or technical specialists, like plumbers or alarm installers. "They're well paid and could take offense," Smith says.

She generally suggests $5 to $10 per worker for a quick job, or $20 to $25 for bigger projects. Someone who hauls a sofa to a third-floor walk-up, for instance, should get more than someone carrying a desk into a ranch house.

With multiple workers, use small bills to split the money evenly.

Food delivery is a special case: "Give them $5 per pizza, and they'll start coming to you first."

INSURANCE

Q How much life insurance do I need? I am recently married, and we have no children.

—MARCUS SMAIL

A If family members depend on your income, ask yourself how much your survivors will need.

Look at the mortgage, car leases, and any other commitments you've made and calculate how much your spouse would need to cover those bills without your income, suggests **Steven Weisbart, chief economist at the Insurance Information Institute.**

You can use the calculator at LifeHappens.org to get a personalized result.

And remember, you may already have some life insurance coverage through your employer.

Revisit your life insurance coverage amount whenever major life events occur, such as the birth of a child, a divorce, or—for parents—becoming an empty nester.

By Josh Garskof and Kerri Anne Renzulli

*Read more answers from Ask the Expert and submit your own question about personal finance at **money.com/expert.***



Trickiest Items to Pass On

NOT EVERY ASSET WILL FIT NEATLY INTO A SIMPLE ESTATE PLAN. KNOW HOW TO HANDLE A FEW OF THE BIGGEST HEADACHES. *by Kara Brandeisky*

SO YOU'VE FINALLY MADE an estate plan. Your kids get a nice inheritance, your nephew gets the baseball cards, and your cousin gets Grandma's ring. But with some assets, it's not that easy to impose your will. Here are a few that can cause surprise headaches—and how to handle them.

VACATION HOMES

Sharing is hard. Conflicts can arise when one sibling lives farther away, earns less, or wants to sell his share, says Tracy Craig, an estate-planning attorney in Worcester, Mass. "One of the worst things to do is to leave property outright in equal shares," she says. "Anytime you have more than one person who owns real estate, you have a potential problem."

The fix: Talk to your kids first to learn their preferences, then put the real estate in a trust and make your heirs the beneficiaries, Craig says. The trust structure lets you spell out under what conditions the house can be sold, how a sharing schedule will be decided, and who pays for upkeep. If possible, reduce conflict by leaving extra money to cover costs.

PETS

Until recently, provisions that left money to pets were often unenforceable, says Gerry Beyer, a law professor at Texas Tech University. If you gave your friend Jack $10,000 to take care of your dog, what was to stop Jack from taking your money and abandoning Lassie?

The fix: Every state except Minnesota has now passed a "pet trust" law, which means if you add a simple line to your will explaining who takes the pet and how much money is provided for its care, probate court will appoint someone to enforce the provision, Beyer says. Want absolute control? Draft a detailed pet trust. (Your estate attorney may not even charge extra.) Name the caretaker and the trustee, set aside money for food and vet bills, and leave care instructions. Technically, the trust will own your pet, so if the caretaker doesn't meet your standards, the trustee can assign care elsewhere.

AIRLINE MILES

Frequent-flier miles can be worth a tidy sum, but you might not be able to pass on the wealth. Some carriers explicitly say you cannot bequeath miles. And policies change; Delta disallowed mileage bequests in 2013.

The fix: First, ask your airline. You might be better off spending down miles now, Beyer says, buying trips for other people if you're traveling less. (Avoid transferring miles, as you can quickly rack up fees.) But even carriers that officially bar fliers from bequeathing miles—like American Airlines—often allow it on a case-by-case basis, so do name a conditional beneficiary in your will. Heirs may need to request and complete an affidavit and provide the death certificate.

Illustration by MIKEY BURTON

When to Cut Your Kids Loose

HERE'S HOW TO DECIDE WHETHER TO KEEP AN ADULT CHILD ON YOUR INSURANCE. *by Michelle Andrews*

YOU THOUGHT IT would never happen, but at long last your kid has finished school and landed a job. Now you have a choice.

You can keep him or her on your own health plan when your employer's open enrollment comes around this fall. Your kid is allowed to stay until he's 26, even if he's financially independent and lives on his own. Or you can encourage him to sign up through his new job, if coverage is available, or buy a policy via the Obamacare exchange in his state.

To do the math, you'll need to understand some of the separate issues that come into play.

WHEN TO KEEP COVERAGE

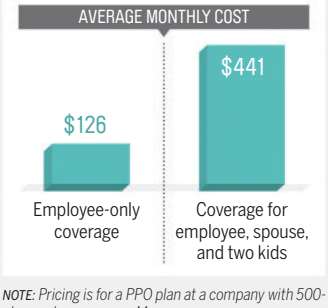
Leaving your kid on your plan may be the best option if:

She can't get insurance at work. "Many adult children who are working have jobs without health coverage or have coverage that's not very good," says Judith Solomon, vice president for health policy at the Center on Budget and Policy Priorities, a Washington, D.C., research organization.

It's cheaper to keep her on your plan. Even if your kid has options, it may be more costly for her to sign up separately. In that case, your plan may offer the best value, with lower deductibles and access to a broader provider network than she could find in the marketplace. "The lowest-cost exchange plans tend to have the highest out-of-pocket costs," says Sandy Ageloff, a senior consultant at Towers Watson. And if you'll still have one child on your plan anyway, it may cost nothing to leave another on; the majority of large employer plans don't charge extra for each additional child, according to Mercer data.

High Family Costs

Here's what the average U.S. worker pays each month for an employer health care plan.



NOTE: Pricing is for a PPO plan at a company with 500-plus workers. SOURCE: Mercer

WHEN TO PART WAYS

On the other hand, your kid may be better off with his own coverage if:

It's cheaper if he goes it alone. Your own plan is a key factor here: Employers are making it less attractive to insure family members, says Tracy Watts, a senior consultant at Mercer. An employee pays 23% of the premium cost for employee-only coverage on average, but 30% of the premium for a plan covering the employee, spouse, and children, she says. "If a husband and wife both have access to job-based coverage, the contributions for individual coverage may be less than the contribution for family coverage," says Watts. In other words, it may be cheaper for a wife, husband, and an adult child to all sign up with their own employer plans.

He lives far from your home. If your plan doesn't have a national provider network, out-of-network rates can get pricey fast.

He is pretty healthy. If he has no chronic conditions, a high-deductible plan may meet his needs. If he doesn't make more than 400% of the federal poverty level (the threshold is now $46,680), he may even qualify for subsidies.

His employer's plans offer incentives. Deals such as a lower deductible or premium for participating in wellness activities—usually offered to employees, not family members—could change the math for him, says Ageloff.

He wants his privacy. If your kid stays on your plan, the insurer is likely to send you, the policyholder, an "explanation of benefits" form every time your child goes to the doctor. You may be close, but do you need to be that close?



The Big Payoff of Fall Gardening

ATTENDING TO YOUR YARD NOW WILL SAVE TIME, MONEY, AND MAINTENANCE COME SPRING. *by Josh Garskof*

THOUGH SPRING GETS all the garden-center glory, fall is a far better time to invest in your landscape. Doing the work now can save you a bundle in upfront costs—and it will continue to pay dividends all year. Not only do autumn plantings require less water and fertilizer, they also will have that much more time to get established before the withering heat of summer, which in warm climates can easily kill new plants. "But even where summers are milder, fall planting is lower cost and lower risk," says Barbara Pierson, nursery manager at garden catalogue company White Flower Farm. Here's what to do:

PICK UP PLANTS FOR LESS

Many nurseries put their stock on sale in the fall to avoid storing it over the winter. You can save 40% to 50% off the price of plants, grass seed, even tools. "Don't worry if plants have a few brown leaves," Pierson says. "Remove them from their pots and make sure the roots are vibrant and not mushy."

Better yet, skip the nursery and get your plants for free. Fall is the best time to "divide" spring-flowering perennials, such as daylilies and peonies. You can literally cut a piece, roots and all, off your favorite specimens from the yards of friends and neighbors (with permission, of course) and pick a spot for them in your yard. This process is beneficial to the original plant, and something colorful that would otherwise set you back $10 to $20 or more costs absolutely nothing. (See burpee.com for instructions.)

Just make sure to get everything in the ground at least six weeks before your average first ground-freeze date; ask at a local nursery.

GROW A HEALTHIER LAWN

"Weed seeds don't germinate in the fall, so you get a grace period now to get a new lawn started without competition," says Wilmette, Ill., landscape architect Steve Kooyenga. Fall's typically cooler and rainier weather is on your side for turf that will be thick and strong enough to outcompete most weeds in spring. Wait to seed until then, on the other hand, and you'll probably have to repeat the treatment, at $50 to $100 a pop.

FERTILIZE BEDS

Feeding your garden now could halve the amount of money and time you'll spend fertilizing and watering over the next year. That's because even as air temperatures drop, the ground remains warm, encouraging plants to focus their energy on root growth, says Scott Daigre of Powerplant Garden Design, in Ojai, Calif. And healthy roots mean more robust, more drought-resistant plants. Use a fertilizer with high levels of root-growth-promoting potassium (about $50 for a quarter- to half-acre lawn; a local nursery will know the right formula for your area).

SAVE ON SPRING BLOOMS

Fall is the only time you can plant spring-blooming bulbs such as daffodils, tulips, lilies, and hyacinths. Share a bulk order with your neighbors and you can drop the cost to about 50¢ a bulb, vs. $1 or $2. And nothing could be easier: Dig a small hole, drop in a bulb, cover with soil, and enjoy colorful flowers in the spot for years to come.

Illustration by JASON SCHNEIDER



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Great Colleges for Not-Great Scores

APPLICANTS ARE MORE THAN A SCORE AT THE GROWING NUMBER OF "TEST OPTIONAL" SCHOOLS. *by Kim Clark*

EVEN SMART, well-prepared high schoolers can flub their college admissions tests, earning scores that significantly understate their ability. Instead of despairing, those students should:

A. Check out the growing list of "test optional" colleges.
B. Build up other aspects of their college applications.
C. Try to improve their scores.
D. All of the above.

The answer, experts say, is D. Here's some advice.

EXPAND YOUR SEARCH

Poor scores aren't always deal breakers, but as a backup, consider the 80-plus private and public colleges that have become test optional—a list that includes such well-known schools as George Washington University, which announced its decision in July. Another 160 or so schools say they recommend that students submit scores but will consider applications without them.

FairTest.org, which tracks test-optional colleges, says there are also at least nine schools that require scores but are flexible about which ones. They'll allow you to submit, for example, Advanced Placement scores instead of the SAT.

You can find test-optional schools on the MONEY College Planner website: money.com/colleges ($24.95, or $14.95 for current subscribers). It also lets you search by 11 other key factors.

DO SOMETHING EXTRA

If your scores are weak, or you choose not to submit them, you'll need to prove yourself in other ways. Good grades, ideally in tough classes, are crucial. Many test-optional schools also ask for graded papers or additional essays, or require interviews with admissions officers.

TRY, TRY AGAIN

The downside of not submitting scores is that you might lose out on merit aid. So it's worth calling your top-pick colleges to find out how they calculate aid and whether test scores play a role. It might even pay to retake a test, simply to bring your score up a little.

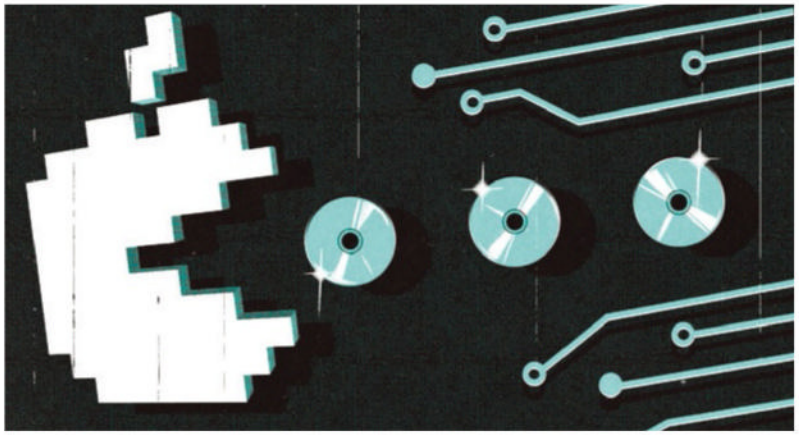
Nancy Griesemer, a private college-admissions consultant in Oakton, Va., says that many colleges have unpublished scholarship grids with minimum scores for each level of merit aid. Raising an SAT score by a relatively modest 20 points, for example, could mean thousands of dollars more in aid.

10 Best Values in Test-Optional Colleges

These institutions ranked highest in our Best Colleges analysis of 736 schools.

RANK	SCHOOL (*MONEY* RANK)	ACCEPTANCE RATE
1	WORCESTER POLYTECHNIC INSTITUTE (48) ▸ *Worcester, Mass.*	52%
2	BOWDOIN COLLEGE (56) ▸ *Brunswick, Maine*	15%
3	FAIRFIELD UNIVERSITY (56) ▸ *Fairfield, Conn.*	71%
4	PROVIDENCE COLLEGE (64) ▸ *Providence*	60%
5	BRYANT UNIVERSITY (68) ▸ *Smithfield, R.I.*	77%
6	HOBART AND WILLIAM SMITH COLLEGES (75) ▸ *Geneva, N.Y.*	49%
7	COLLEGE OF THE HOLY CROSS (89) ▸ *Worcester, Mass.*	33%
8	UNION COLLEGE (96) ▸ *Schenectady, N.Y.*	37%
9	ST. LAWRENCE UNIVERSITY (101) ▸ *Canton, N.Y.*	46%
10	BATES COLLEGE (109) ▸ *Lewiston, Maine*	24%

NOTES: Our full 2015–16 college rankings and an explanation of the methodology are available at money.com/colleges. Acceptance rates are for 2013.



Is All-You-Can-Eat Music a Deal?

WITH APPLE'S MOVE INTO STREAMING, YOU CAN'T IGNORE THE NEXT BIG LISTENING FORMAT. *by Pat Regnier*

JUST AS DIGITAL downloads eclipsed CDs, streaming over the Internet may now supplant the idea of buying music at all. Instead, you can rent (nearly) all the music you want to listen to on your computer or phone for a flat monthly fee.

Music subscriptions aren't new, but today the idea is getting a big push from Apple, whose iTunes store first made digital downloads the standard way to buy songs. Since June, the new Apple Music streaming service has been built into the updated versions of iTunes and the iPhone's iOS operating system. (An Android app is due this fall.) Apple Music competes with similar services including Spotify, Rdio, Google Play Music All Access, and Tidal.

Using a streaming service works a lot like listening to the downloaded music you already have on your devices—you search for the specific song, album, or artist you want to hear, and press play. You can also make mixed playlists. The difference is that you'll have a library of about 30 million songs to choose from. You need Wi-Fi or a good cellular connection to tune in on impulse, but you can also download songs to listen offline.

The top services all charge $10 a month after a trial period. (Downloads stop playing if the subscription lapses.) If you crave new sounds, a price equivalent to a new CD per month is compelling.

WHAT TO WATCH FOR

The subscription is not quite the whole cost. Streaming lots of music from a phone can eat into your wireless data allowance. Depending on your plan and data use, that could add $15 a month or more to your phone bill. You can mitigate the cost by downloading songs before you head out the door.

All the streamers have similar catalogues that include most tunes you can think of, with some gaps—mostly big-name artists. Only Apple has Taylor Swift's *1989*. Spotify stocks almost no Prince, while Tidal has lots from the Purple One. No on-demand service can stream the Beatles.

The gaps are so random that which service is best depends less on selection than on how you listen. Apple has an attractive family plan, with $15 covering up to six users. Other family plans, like Spotify's, charge $5 for each added user, so $20 for three people.

Those who listen mostly at home or the office should try Spotify or Rdio. They have free, ad-supported desktop versions. On a phone Spotify lets you listen for free in a shuffle mode—you can't pick specific songs.

If you'll really miss the Beatles or other absent artists, some streamers offer work-arounds. Apple Music and Google Play, for example, let you put the library of music you already own (or buy from them as a download) on their online cloud servers, to access from their apps. So if you own a copy of "Hey Jude" you can mix it into playlists with the newer stuff you stream. Warning: Syncing your iTunes library and your phone to Apple's cloud can be a confusing and messy process.

In short, there's no hands-down best service, but a bunch of solid choices. Subscription streaming seems ready for the mainstream.

Illustration by **DANIEL DOWNEY**

Investing in Memories



With **vacation ownerships**, families can travel the world—and feel at home.

WHEN ELAINE SANCHEZ WED HER husband Alex almost 20 years ago, it was a second marriage for both. He brought five kids to the relationship and she, three—all of them nearly grown. With plenty of grandchildren on the horizon, the Salem, OR.-based couple decided that instead of buying presents for their children and grandkids, they'd do something different. "We wanted adventures," says Sanchez. "So we bought timeshares. We're very happy we did."

Their itineraries so far have included trips to Williamsburg, Va.; Orlando, Fla.; Washington, D.C.; New York City; Steamboat Springs, Colo.; Sedona, Ariz.; San Francisco; Newport, R.I.; San Diego; and islands in Hawaii.

The word "timeshare" originated almost 50 years ago. Since then, modern vacation ownership has evolved dramatically from the days when owners were locked in to a particular week or destination. Travelers who invest in vacation ownership today have far more flexibility, ownership options, and international destinations to choose from—including a wealth of luxury properties—as well as the confidence derived from buying into trusted global brands.

"We went from being a static, fixed-use product to being a vacation currency," says Howard Nusbaum, president and CEO of the American Resort Development Association (ARDA).

"First we offered fixed weeks and fixed units, and over time we realized we needed to be more flexible," he says. "People today usually buy either floating time or points, so they can spend different time periods in different locations." In other words, "vacation" can be defined as anything from a trip with the kids to Disneyland to a couple's romantic cruise or a safari in Africa. Says Nusbaum: "It's not just golf and beaches anymore."

It's a far cry from the earliest days of vacation ownership, which by most accounts dates from the construction of a 13-unit resort in Switzerland in 1963. Stateside, the industry gained a foothold after vacation homes in

THE WORLD THROUGH A DIFFERENT LENS

One Family's Approach to a Life of Bonding Trips

AS A MEMBER OF THE ARMED FORCES, Edwin Lopez has completed three yearlong deployments in Iraq and Afghanistan, spending lengthy periods away from his family. When he gets a chance to relax with his family, he says, "We try to make it really special." They spend those precious weeks together at a Wyndham Vacation Ownership resort.

Edwin, his wife Melanie, and their two children had one such getaway that will be forever etched in their memories. Immersed in Wyndham Bonnet Creek Resort, the Lopez family enjoyed the lagoon-style pool and cabanas, spa, golf course, and proximity to Walt Disney World. The resort "was amazing," says Melanie. "That's when we realized how much we could do with our vacation ownership."

Owners since 2006, Edwin and Melanie joined Wyndham



—more than 900,000 owners strong—committing to a lifetime of vacation memories. They started small, accruing points over time, which helped them gradually build a vacation tradition for their family. In fact, 36% of owners purchase timeshare to save money on future vacations, according to the ARDA International Foundation 2014 Owners Study.

Vacations are more than just a break from our everyday routine. They are opportunities to thread together memories that will be replayed time and again, for generations to come. Fifty-five percent of adults remember their childhood travels fondly and want to create similar memories for their kids, according to the U.S. Travel Association. To Melanie and Edwin, experiencing unforgettable moments together in a variety of destinations justifies their ownership.

"We want to help people realize the true value of vacations," says Franz Hanning, Wyndham Vacation Ownership's president and chief executive officer. "It's true they give us a chance to unplug and unwind, but they're more than that. Vacations allow us to invest in the things that matter most in life:



family, memories, and the opportunity to see the world through a different lens."

The Lopez family exemplifies that concept. "If you look at everywhere you can go with Wyndham, it's mind-boggling," says Edwin. From biking through the vineyards of California, to shopping Michigan Avenue in downtown Chicago, to hitting the slopes straight from your room in Park City, Utah, the opportunities for everlasting memories are endless.

And the adventures are sure to continue. Next year Edwin and Melanie will host a family reunion at a Wyndham resort in Wisconsin. Eventually they hope to travel to Australia, Europe, and the Bahamas. "It's so much more than a monetary investment," says Melanie. "It's memories and quality of life. I'm so happy we did it."



The Timeshare Owner Today



tourist spots proliferated during the post–World War II economic boom. By the mid-'70s, an abundance of such homes and condos had burdened banks with excess properties; the banks then began converting them into timeshare resorts. They numbered 350 by 1980, and 10,000 owners had become 200,000.

In the 1980s large hospitality companies and respected hotel brands began entering the industry, raising the trust factor and fueling expansion. More than 5,000 properties worldwide now offer ownerships, which can range from versatile points-based programs to exchanges, vacation clubs, fractional ownerships, luxury experiences, and other products varied enough to accommodate owners of every stripe.

Vacation ownership is perfect, says Nusbaum, if you want to vacation with relatives or friends. It has proved especially popular for family gatherings: ownership units, which come with refined resort amenities as well as living areas, separate bedrooms, and well-equipped kitchens, are a spacious blessing compared with hotel rooms.

Elaine and Alex Sanchez often get five or six units for their family reunions—they alternate, his family one year, hers the next—using their points in Wyndham Vacation Ownership, the industry's largest company. Recently they used points to travel with two grandsons to the East Coast to look at colleges.

Those teenagers may well become owners themselves one day: Vacation ownership is trending younger now (as well as more demographically upscale and professional). According to the ARDA, new owners are nearly 10 years younger than traditional timeshare owners, with a median age of 39. About 72% are employed full-time. Vacation ownership, which invites owners to explore a world of destinations and escapes, fits particularly well with younger generations' preference for experiences over material things. "They get the sharing economy more than anyone," says Nusbaum. "I like to say we were the original Zipcar. We may have been invented by boomers, but we'll blossom with millennials."

Generations young and old prize flexibility. RCI recognized this need and pioneered the concept of vacation



THE SHARED VACATION OWNERSHIP STUDY, CONDUCTED BY HSR ASSOCIATES.

exchange in 1974. The company established an exchange network that remains the world's largest today, with 3.8 million members and about 4,500 affiliated properties in more than 100 countries. RCI facilitates exchanges for timeshare owners, allowing them to turn the purchase they made at one resort into travel opportunities all over the world. "It's perfect for the owner who relishes new and exciting destinations and experiences, while knowing that the resort experience and standard of quality will be similar," says Gordon Gurnik, president of RCI.

Of course, circumstances and priorities can change, and some owners may eventually conclude that vacation

> "It's perfect for the owner who relishes experiencing new and exotic destinations while knowing the resort experience and the standard of quality will be similar."
>
> —GORDON GURNIK, President, RCI

ownership no longer fits their lives. "We offer a viable exit strategy for owners who want to sell," says Sam Pontius, president of Timeshares Only, an online resale marketplace, and its sister company, Fidelity Resales, a transactional resale brokerage. "We're connecting buyers and sellers in a secure and more affordable environment." Pontius notes that his companies' online platform eliminates costs, reducing prices and enhancing product value. "We deliver a service built by consumer demand, designed to attract a new generation of engaged buyers through transparency and savings."

Vacation ownership can be a smart financial decision. When Elaine and Alex Sanchez decided to purchase points, they ran it by their financial adviser, Ron Kelenem, a certified financial planner with the H Group. He gave his thumbs-up.

Still, the biggest benefit of vacation ownership has nothing to do with money, says Elaine Sanchez; it also offers a different kind of luxury: "It's that our grandchildren all know each other and are connected. They all live across the country—Indiana, Missouri, New Mexico, Oregon. They would not have had that opportunity otherwise." ●



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Downsizing Done Right

A SMALLER HOME CAN CUT YOUR COSTS AND YOUR CARES. HERE'S YOUR GUIDE TO A WISE MOVE. *by* **Cybele Weisser**

THE KIDS ARE long gone, you're sick of mowing the lawn, and you're tired of paying to heat and cool a nearly empty house. Why not downsize?

You'd have company. Among retirees who move, half swap for smaller digs, found a new study by Merrill Lynch and Age Wave. Most of the downsizers say cost cutting was the chief reason. Booming real estate prices have made the payoff even bigger, says Steve Sass, program director for the Center for Retirement Research: Home equity, for many baby boomers, far exceeds the value of their 401(k) or IRA. "It's

PROP STYLING BY JARED LAWTON

Photograph by **GREGORY REID**

where their wealth is," says Sass.

With downsizing, however, come hard decisions. Stay nearby or leave town? Condo or single-family home? Making the wrong move will cost you—and maybe you'll have to relocate once again. "I've seen people who want to move *to* places where the taxes cost more than for the house they are moving *from,*" says Ray Mignone, a financial planner in Queens, N.Y. "They just didn't do enough due diligence."

To avoid a similar mishap, tackle the four questions below.

Here or there? Exchange your house in an upscale suburb of D.C. for, say, a cottage in Chattanooga, and you'll almost certainly pad your retirement fund. But people often overestimate their savings, warns New York City financial planner Gary Schatsky. The transition itself, including outlays for paying your selling broker and moving all your stuff, will cost you roughly 10% of the price of your old place, figures Sass. And then there are the unexpected expenses. When Jan Cullinane, author of *The Single Woman's Guide to Retirement,* moved with her husband from the Midwest to Florida in 2007, their tax bill shrank—but their home insurance premiums grew. Another surprise: "With the change in climate, we realized we needed entirely new furniture," she says.

Want to stay near your current home? You'll reap minor rewards by losing a bedroom or two. For bigger savings, see if moving a few more miles away would put you over the line into an area with lower property taxes, or if you can move close enough to a walkable downtown to forgo at least one of your cars.

Condo or single-family home? In general, condos are cheaper than single-family homes, and you won't have to clean gutters or replace the boiler. You'll pay, though, for shared maintenance. So ask current owners about their monthly costs; homeowners association fees, which may cover items such as yard work and water supply, are often higher than buyers expect, says Huntington, N.Y., financial planner Cary Carbonaro. And be sure you're ready to live near other people and by their rules: HOAs can have restrictions on everything from dog breeds to overnight guests.

Buy or rent? If you've owned your home for a long time and have a small mortgage, or none at all, you might assume that buying is better, chiefly for a sense of permanence. "In retirement planning we try to reduce variables, and rent is a major variable," says Charleston, S.C., financial planner Tim Maurer.

But sometimes renting makes more sense—for example, if people you want to stay close to (such as your kids) might themselves move in a few years. "If you're not absolutely sure you want to be somewhere for more than five years, don't buy," says Chicago financial planner Don Duncan.

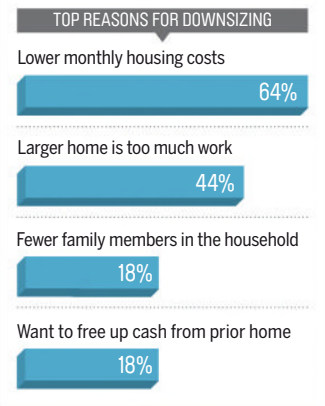
Have a ton of home equity but little in retirement savings? You might add the proceeds of a home sale to your portfolio instead of plowing it into a new home. Over the long haul, a balanced portfolio is likely to appreciate faster than residential real estate, says Duncan. Depending on where you're looking to live, renting may also be cheaper than buying a comparable home.

Now or later? Some retirees are reluctant to leave the house where they raised their kids or want to postpone the hassles of moving. But if you're going to downsize, says Sass, the earlier the better. You're likely better equipped for the physical and emotional stress of a move in your sixties than in your eighties.

That stress should also push you to ensure that your new home has features allowing you to age in place: wide hallways, a step-in shower, and rooms all on one level so you don't have to negotiate stairs. You also need to make sure the local community has public transport and good medical care. "Given the pain of moving," says Sass, "your goal should be to avoid having to do it again."

The Upside of Downsizing

Retirees relocate to smaller homes both to free up cash and to make their lives easier.



NOTE: Respondents are age 50 or over, and they downsized in retirement. SOURCE: Merrill Lynch and Age Wave "Home in Retirement" study, 2015



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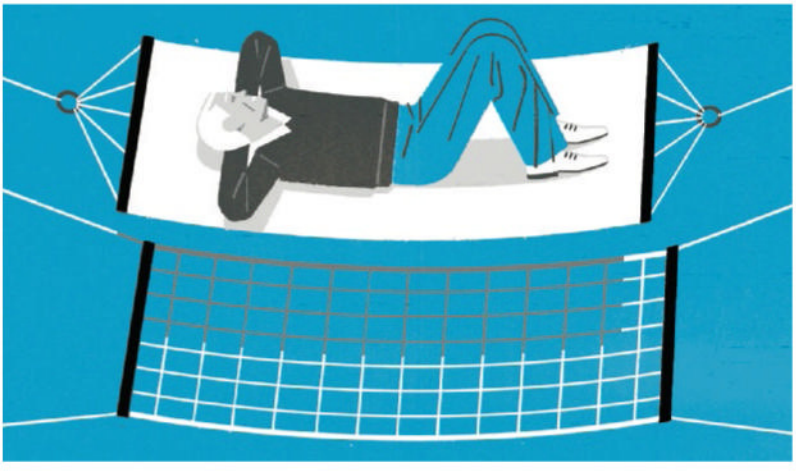
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Build a Safety Net for the Future You

PROTECT YOUR RETIREMENT MONEY FROM PREDATORS—AND YOURSELF—WITH THESE STEPS. *by Liz Weston*

THE GOOD NEWS: Through hard work, thrift, and wise choices, you're set for retirement. The bad news: You might find it harder someday to make sound financial decisions. On average, money smarts peak at age 53, the Center for Retirement Research reported in 2010. The older you get, the greater your vulnerability to scams, unscrupulous advisers, or just poor judgment.

The stakes are high: Fraud victims 65 and older lost an average of $30,000, Allianz found last year. One in 10 lost more than $100,000.

Taking these measures now will help protect your finances, or those of a parent or other relative.

MAKE INVESTING SIMPLER

Have several IRAs and 401(k)s? Consolidate them for easier monitoring, says financial planner Carolyn McClanahan of Life Planning Partners in Jacksonville. Replace individual stocks and bonds with a handful of mutual funds or exchange-traded funds, which need less attention.

Keep only two credit cards, says McClanahan—one for everyday purchases, the other for automatic bill payments. Even mild impairment can make managing bills difficult; automation can head off late fees and service interruptions.

ASSEMBLE DEFENDERS

A strong network of friends and family can thwart exploitation, says Sally Hurme, an elder-law attorney with AARP. Your circle can alert you if an investment or an adviser doesn't seem right.

From this crew, pick a wingman who can make financial decisions for you when you're not able—someone money-savvy, trustworthy, and ready to act in your best interest. Draft a power of attorney for finances that names this person and an alternate, in case your first choice can't serve.

Married people often name their spouse as a protector, but Carolyn Rosenblatt, an elder-law attorney in San Rafael, Calif., advises picking someone younger. A person your age could become impaired at the same time you do, she says.

OPEN UP YOUR FINANCES

The more you share with your backup person, the easier it will be for her to spot missteps or bad advice, says Rosenblatt. Set up alerts with your financial institutions so you both get emails or texts about out-of-character transactions like an unusually large transfer. Use an app like Mint so she can see daily account activity. And give your doctors and financial adviser, if you have one, permission to contact your backup if they are concerned about your cognitive abilities.

DESIGN A MONEY BLUEPRINT

To help keep your investments on track, write up what's known as an investment policy statement, says McClanahan. Spell out your goals, such as preservation of capital; what types of securities you'll hold, like mutual funds; and how much of your portfolio, at different ages, is to be allocated to safe assets, such as cash, and to riskier assets like real estate. This document can help you resist sales pitches and the temptation to stray from a sound investment strategy.

Illustration by CHRIS GASH

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The New Way to Get IRA Income

THANKS TO A GOVERNMENT RULE ON ANNUITIES, RETIREES CAN BE REWARDED FOR THEIR PATIENCE.



by Penelope Wang

FOR YEARS, FINANCIAL planners have touted the benefits of longevity annuities for retirees. Now a new IRS rule has made these income generators an even better deal.

With a longevity annuity—also called a deferred income annuity or longevity insurance—you pay a lump sum in return for monthly income for life, starting at some future date. Because the issuer assumes that—let's just say it—some buyers will die before they start receiving money, or soon after they do, your monthly check will be far more than you would receive from an immediate annuity costing the same (see the chart). A longevity annuity's larger, delayed payout helps hedge against the risk of outliving your money. It also frees you up to invest more aggressively in the rest of your portfolio, because you know you'll have this income later on.

Under a rule passed last year, if you use IRA funds to buy a longevity annuity meeting certain IRS guidelines, its cost—up to $125,000 or 25% of your account, whichever is less—won't be used in calculating the required minimum distributions you have to take from your retirement account starting at age 70½. Such a qualified longevity annuity contract, or QLAC, as it's known, lets you leave more money to continue growing tax-free in your portfolio. To decide whether a longevity annuity is right for you, follow these steps:

Assess your cash situation. As useful as the annuity can be, you have to balance that future income stream with your need for money that you can tap for emergencies, either now or later. So commit only a small portion of your portfolio—no more than 20%—to a deferred annuity, suggests Michael Finke, financial planning professor at Texas Tech. "The sweet spot for buying a deferred annuity is $500,000 to $1 million or more in retirement assets," he says. Less than that, and you won't be able to purchase much income; more than that, and you can likely fund your future needs without annuitizing.

Make sure you can wait. Some buyers of longevity insurance are workers who plan to defer their annuity only until they retire, often within 10 years. But to maximize your benefit, defer 15 years or longer and wait until you're in your seventies or eighties. Otherwise, you won't get a big income bump from the issuer's expectation that a certain number of buyers like you won't collect. "If you can't afford to wait more than a few years, there's not much advantage over an immediate annuity," says York University finance professor Moshe Milevsky.

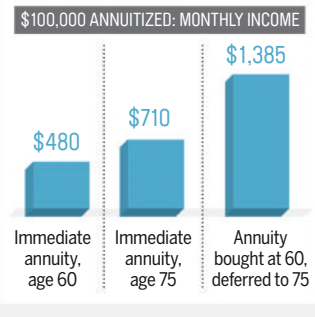
Get ready to research. Several insurance companies have started selling QLACs, including Principal Financial and American General. You can get quotes for them at ImmediateAnnuities.com or through Vanguard and Fidelity.

So your money will be there when you need it, stick with insurers rated A+ or better by A.M. Best or Standard & Poor's, says Coral Gables, Fla., financial planner Harold Evensky. After all, the whole point is to have fewer financial worries in retirement. M

Editor-at-large Penelope Wang tweets about retirement at @PennyWriter.

It Pays to Delay

Income from a deferred annuity beats that of an immediate annuity bought at the same time.



am vel in etus estibus e **SOURCE**: *nonsecerem evella nis am vel in etus estibus e am vel in etus estibus e*



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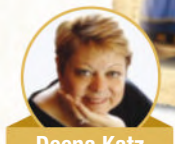
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A Not-So-Scary Ride

WORRIED ABOUT RISING RATES? WITH ONLY A MODEST BUMP EXPECTED FROM THE FED, THE MARKETS MAY NOT BE THROWN FOR A LOOP. *by* **Carla Fried**

EVER SINCE the Federal Reserve pushed short-term interest rates near zero in the financial crisis, Wall Street has warned of a coming fright. Once rates ratchet back up, like a lift hill on a roller coaster, your portfolio was said to be set up for a big fall.

Yet even if the Fed hikes rates later this year for the first time in more than nine years, as is widely expected, the reality of rising rates seems a lot less stomach churning than it did just a few months ago. Why? There's a growing belief that the coming rate hikes will be slow and slight. While policymakers believe the economy is strong enough to start pushing up the Federal funds rate

PROP STYLING BY JARED LAWTON

Photograph by **GREGORY REID**

(which is what banks charge one another on overnight loans), they also recognize that a quick and precipitous climb isn't warranted, since wage growth and inflation remain muted.

In July, Fed vice chairman Stanley Fischer said as much when he warned that inflation is too low and "we need to get it back up to 2%." To achieve that, the Fed's stated goal is to push rates up slowly over years, not months. That suggests the Federal funds rate may remain below 2% at the end of 2016—three percentage points less than before the financial crisis.

Another reason for Fed chair Janet Yellen to go slow: A new crop of concerns, such as the Greek debt crisis and China's stock slide, has complicated matters for the global economy (see story on page 78).

"Moderately rising interest rates are not bad news for stocks," says Chris Cook, president of Beacon Capital Management. "It means the economy is doing better." Indeed, in past periods of slight rate increases since World War II, the S&P 500 has generated decent returns (see chart).

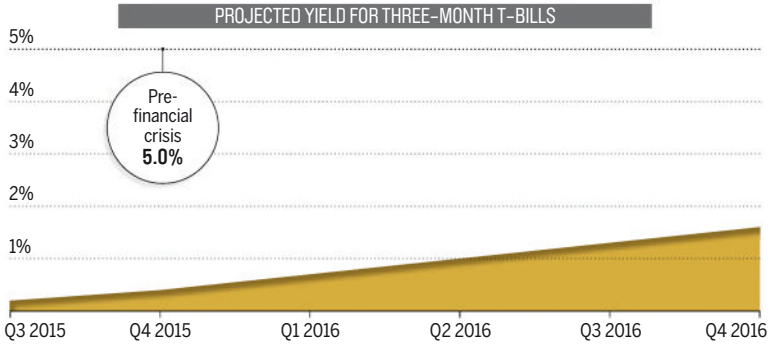
Nor is it disastrous for fixed income, even though bond prices fall when rates rise. "The majority of your total return comes from the yield, not price changes," says Cook. "If we don't have steep rate increases—and it looks as if that's not likely—then your rising income payouts will soon make up for any price drops."

Yet even if things aren't going to get topsy-turvy, you still need to buckle up. Here are steps to take before the Fed makes its move.

WHAT, ME WORRY?

If history is a guide, investors may be overly concerned about the impact of rising interest rates on the markets later this year. Why?

1 The consensus forecast among economists is that short-term interest rates will climb, but only modestly—less than two percentage points by the end of 2016.



NOTES: Market data since 1945. Modest rate increases are cumulative Fed hikes of less than three percentage points. Bond data based on periods of modest rate increases. ***SOURCES:*** *Blue Chip Economic Indicators Survey, July 2015; S&P Capital IQ; Ibbotson Associates*

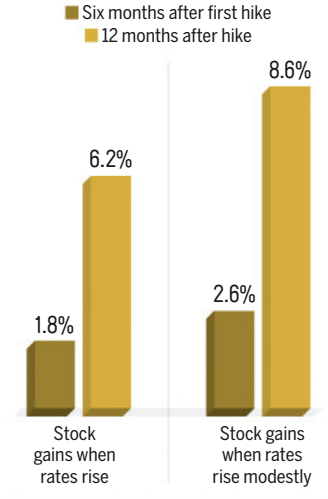
YOUR BEST STOCK MOVES

Seek higher-grade companies. Financially questionable businesses benefited from low rates in a couple of ways. Cheap capital encouraged investors to speculate in lower-quality names. Moreover, companies that must borrow heavily enjoyed cheap rates. As yields rise, though, highly indebted businesses will face headwinds. This gives an edge to companies with low debt and strong balance sheets, like those found in **PowerShares S&P 500 High Quality ETF** (SPHQ).

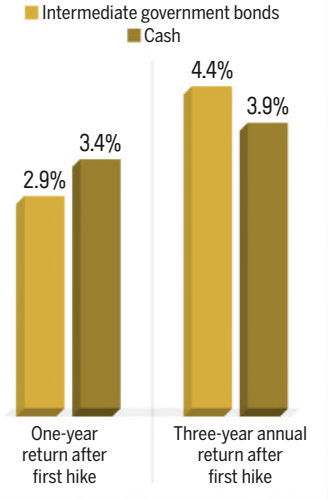
Also, keep in mind that this is a mature rally in its seventh year, where growth "isn't expected to accelerate much," says Brad Sorensen, head of market and sector analysis for the Schwab Center for Financial Research. So now's the time to look for companies with a solid earnings outlook. Sorensen recommends focusing on places such as tech, where "there's potential for growth as companies reinvest in technology now that productivity has been flat," he says. He also thinks health care—with the exception of small, speculative biotech stocks—looks promising, as it's a defensive sector where profits are growing faster than in the broad market. Where to find this mix? MONEY 50 fund **Primecap Odyssey Growth** (POGRX) has nearly two-thirds of its assets in health care and tech.

Switch dividend gears. If you shifted into high-yielding stocks in recent years to boost your income, it's time for a new approach. Not only are those shares expensive, but high-yielding sectors like utilities are also likely to fall out of favor once bond rates rise, says Sorensen. Instead, go with companies that are financially strong enough to grow dividends over time. **Vanguard Dividend Appreciation ETF** (VIG) looks for high-quality companies that have raised their payouts for at least 10 straight years. And the fund yields 2.2%.

2 Equities have performed decently in periods of rising rates, especially when yields have climbed less than three points.



3 And contrary to popular belief, intermediate-term bonds can generate positive total returns if rate hikes are slow and gradual.



Don't retreat from the world. If the U.S. economy is so healthy, why bother going overseas? Here's why: In the eight most recent periods of rising rates, U.S. stocks lagged foreign developed-market shares 88% of the time and emerging-market equities 75% of the time. "U.S. stocks have had a great run since 2009, and we're now at a stage where we could see the passing of the baton to other markets," says Dan Morris, global investment strategist for TIAA-CREF.

If you haven't adjusted your stock portfolio, now's a smart time (see "Balancing Your Foreign Holdings" on page 52). Because U.S. stocks doubled the return of international stocks over the past five years, a stock strategy that aims to have 20% invested abroad is now closer to 14% foreign.

YOUR BEST BOND MOVES

Come out of the bunker. If in anticipation of rising rates you shifted into short-term bond funds, consider a return to a core, intermediate-term fund such as MONEY 50 pick **Vanguard Total Bond Market Index** (VBMFX).

For starters, Total Bond's 2.4% yield is 1.2 points higher than the payout for Vanguard Short-Term Bond Index. "With moderately rising rates, what matters is having a yield cushion to absorb the price drop," says James Kochan, chief fixed-income strategist at Wells Fargo Advantage Funds. Short-term funds paying 1% offer little defense.

> "MODERATELY RISING INTEREST RATES ARE NOT BAD NEWS FOR STOCKS."
>
> —CHRIS COOK, PRESIDENT, BEACON CAPITAL MANAGEMENT

Moreover, while short-term debt is affected by Fed hikes, longer-term bonds dance to the beat of the market. Since U.S. bonds already pay more than most foreign-government debt, global demand for longer-term U.S. debt should remain strong. That is likely to keep longer-term rates from rising too much as rising prices mean lower yields.

Be careful not to go too far out. Kochan recommends funds with durations of five to seven years. Duration measures an investment's sensitivity to rate changes. A one-point rise in rates translates to a 5% price decline for a fund with a five-year duration. Vanguard Total Bond Market's duration is 5.6 years. Beyond seven years, your fund's yield may not be able to offset price declines for several years.

Reach for yield carefully. The returns for high-yield corporate bonds are driven more by the economic outlook than by interest rate changes. And since the Fed is about to hike rates because of the strength of the economy, the 5.4% yield of MONEY 50 fund **Fidelity High Income** (SPHIX) may be enticing.

Remember that these bonds exhibit stocklike volatility in times of market stress. So if you carve out a 10% allocation, take it from your stock portfolio, not fixed income. Fidelity High Income lost nearly 24% in 2008, while an index of high-grade bonds rose 5%.



Balancing Your Foreign Holdings

HINT: DON'T LET THE SOAP OPERA IN GREECE OR CHINA'S STOCK SELLOFF TOPPLE YOUR LONG-TERM STRATEGY.



by John Waggoner

IMAGINE THAT THERE'S A KNOB on your stock portfolio labeled "internationalizer." One end, labeled "cosmopolitan," has 50% or more of your assets abroad. The other end, labeled "xenophobe," has no foreign funds at all. What's the correct setting for you?

Well, when foreign markets are hot, as Chinese stocks were last year, you'll hear that U.S. equities make up about 52% of the world's market value. So some advisers will tell you that a stock portfolio with anything less than about half overseas would be provincial.

International equities, though, aren't always a panacea. The MSCI EAFE index of foreign equities in the developed world gained 2.3% a year for the five years ended 2014, when the S&P 500 returned 13.1%. And when trouble arises—like Greece's debt crisis or China's selloff this year (see story on page 78)—you're more apt to hear about the risks of going abroad.

Ultimately your exposure depends on a combination of your appetite for returns and risk, not on recent market trends.

THE RIGHT MIX

Sam Stovall, U.S. equity strategist at S&P Capital IQ, looked at the performance of various combinations of U.S. and foreign equities, as well as the rockiness produced by those strategies. The goal was to find the mix producing the most return per unit of risk. "Over the long term we've found that the 80% U.S./20% international stock portfolio offered the best returns, adjusted for risk," he says.

This is similar to the findings of Vanguard, which concluded that most of the diversification benefit of investing abroad can be had with a foreign stake of about 20% to 30%. While that sounds like a big U.S. bet, don't forget that you get plenty of exposure to the world's markets through U.S. companies, as S&P 500 firms generate about half their profits overseas.

MAXIMIZE YOUR MODEST STAKE

You can improve your foreign results not by buying more stocks but by focusing on certain types of shares. Looking to tamp down volatility and outperform in the long run? Go with funds that favor Steady Eddies, such as **iShares MSCI EAFE Minimum Volatility** (EFAV). Big stakes in industry giants such as Nestlé that sell globally—and therefore avoid regional slowdowns—have helped this fund lose half as much as foreign stocks in down months over the past three years, according to Morningstar.

Another option: dividend-paying international stocks. One fund that looks for big payouts abroad is **iShares International Select Dividend** (IDV), with a dividend yield of 4.3%. Over the past five years this portfolio has beaten more than 60% of its foreign peers. M

John Waggoner has written three books on Wall Street and investing.

Illustration by TAYLOR CALLERY

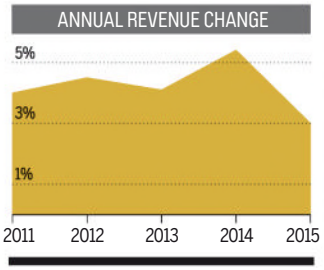
X-Ray: Verizon Communications

THE TELCO GIANT WILL SOON BE ASKING, "CAN YOU SEE ME NOW?" *by Taylor Tepper*

Eighteen months after taking full control of its wireless business by buying out Vodafone's share for $130 billion, Verizon is transforming itself. The company is downsizing its legacy landline operations while emphasizing faster-growing businesses, such as streaming video for mobile devices. That seems like a smart move, but not one without risks. Though it has 25 million more mobile users than AT&T, this telecom giant is sacrificing revenue now in hopes of more growth later. But that hinges on Verizon's ability to manage something more fickle than a cell signal—content.

A Big Bet

Verizon is counting on data and video to make up for slowing growth.

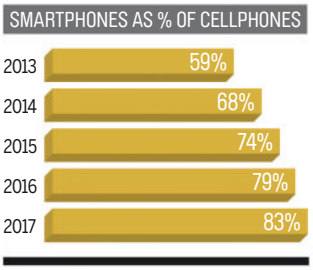


Most companies fight to maintain market share, but Verizon voluntarily shed nearly 4 million voice and more than 2 million broadband customers recently by selling landline operations in California, Florida, and Texas. The move was part of an ongoing effort to emphasize wireless, data, and video services.

Toward that end, Verizon beefed up its ability to deliver high-quality video to its 100 million–plus subscribers—and to create and sell ads against that content—through the purchase of AOL and Intel's OnCue. Matt Drukker of Fidelity Select Telecommunications says Verizon's size and cash give it a competitive advantage in this area. But J.P. Morgan analyst Philip Cusick warns it could take a few years for real revenue growth to materialize.

Smartphone Saturation

It is getting harder for Verizon to expand in the basic mobile arena.

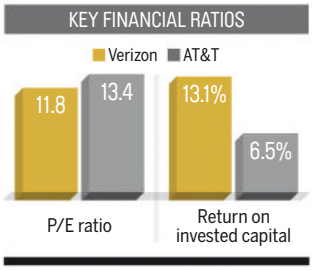


While Verizon is building out video, the company's mobile platform faces challenges. Sure, Verizon has the top network quality in each region, according to J.D. Power. But thanks in part to T-Mobile's aggressive push to grab share, Verizon's average revenue per user fell by 4% in the first three months of 2015, according to analysis by research firm MoffettNathanson.

Meanwhile, the pool of new clients is drying up. "There was a big growth opportunity over the past decade as people went from not having a smartphone to owning one with large data plans," says T. Rowe Price analyst Justin White. One silver lining: Only a third of Verizon's customers have a 4G phone. Edward Jones analyst David Heger notes that in the shift from 2G to 3G, data usage rose 10-fold.

A Lower-Priced Option

Not only is its stock cheaper than AT&T's, Verizon is more profitable.



Fears over stagnation have weighed on the telecommunications sector lately. Shares of Verizon and AT&T, for instance, have lagged the S&P 500 by double digits annually over the past three years.

But that doesn't mean growth won't come back. Ad revenue from mobile displays and video is expected to jump from almost $2 billion in 2014 to $23 billion in 2019, according to the research firm IDC. And Verizon has proved itself a more efficient producer of profits, as evidenced by a return on invested capital that's double AT&T's. In fact, Verizon's annual profit growth is expected to exceed its main rival's by about three percentage points annually over the next five years. Until that happens, think of Verizon as a value play. M

NOTE: *Figures for 2015 and beyond are estimates.*
SOURCES: *Bloomberg, eMarketer, Morningstar, UBS*

Money COVER STORY

THE 50 Best PLACES TO LIVE IN AMERICA

1. APEX, N.C.
2. PAPILLION, NEB.
3. SHARON, MASS.
4. LOUISVILLE, COLO.
5. SNOQUALMIE, WASH.

TOP SMALL TOWNS

PLUS: BEST BIG CITIES P. 70

BY SUSIE POPPICK, ADAM BLUESTEIN, DANIEL BORTZ, VERONICA CREWS, JULIA LYON, SARAH MAX, VANESSA RICHARDSON, DONNA ROSATO, and MICHAELA ROSS

ACKERMAN+GRUBER and RYAN DONNELL





Jeisa Pelet, Alex Torres, and 2-year-old son Kevin on North Salem Street in No. 1 town Apex, N.C.

IT'S HARD TO ARGUE about what makes a place great: good schools, high-paying jobs, plenty to do, welcoming neighbors. But whether a town is truly one of the Best Places to Live in America depends also on how it's faring relative to the larger U.S. economy.

This year's list comes amid the strongest period for job growth since 1999. Housing, too, continues its rebound, with prices up to 2005 levels in some parts of the country. But a closer look at the numbers reveals that those job gains are not evenly distributed, and some of the most desirable towns are now way too pricey to qualify as "best." So with help from data partner Onboard Informatics we zeroed in on that coveted combination: rich employment opportunities *and* affordable living.

Even then, a community needs to have something special, and these top-ranked small towns (population 10,000 to 50,000) have qualities that belie their modest size. They are education powerhouses, arts meccas, diversity champions, and outdoorsy gems, each with its own distinctive character and sense of place.

More inclined toward urban living? We've got you covered there too, with our picks for the Best Big Cities (page 70). But first find out which small-town stars take top honors.



HOG HEAVEN
Every June, the Peak City Pig Fest draws BBQ teams from around the U.S. to compete for $10,000 in prizes.

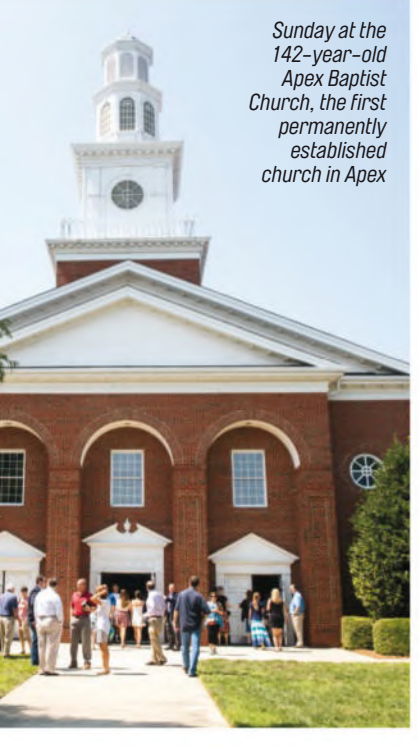


Haley Holbert getting creative outside the Doodling Bug shop downtown.





Homes on Magdala Place



Sunday at the 142-year-old Apex Baptist Church, the first permanently established church in Apex



APEX
NORTH CAROLINA

Population	Median home price	Average property tax	Unemployment rate
42,150	$243,125	$2,448	3.9%

WHAT PUTS IT ON THE MAP: *The high-tech, high-paying job scene of Silicon Valley with a small-town Southern vibe, all in one affordable package.*

APEX HAS ALL the things you'd expect in the No. 1 place to live: a charming downtown, top-notch schools, and the kind of community spirit that draws 15,000 people, or more than a third of the population, to the annual PeakFest street fair. It also has something else: high-paying tech-industry jobs that help make the quality of life here second to none. And unlike that other technology hub on the West Coast, Apex is still affordable. A three-bedroom home costs an average of $265,000, vs. more than $1 million for a comparable house in Silicon Valley.

The engine powering the local job market is Raleigh's 7,000-acre Research Triangle Park, 18 miles away. More than 200 companies, including IBM, Cisco, and pharma giant GlaxoSmithKline, have offices there and employ upwards of 50,000 workers.

So strong is the pull of area jobs that Stan and Portia Wilson, 52 and 48, relocated their family of five here from Tyler, Texas, in 2010 without work lined up. "We moved on a leap of faith," says Stan, who is now a salesman at Johnson & Johnson; Portia is an elementary school teacher.

Proximity to the tech hub also gives a boost to the local schools, already among the state's best. Apex High School offers the Academy of Information Technology, a four-year program that exposes students to the IT field through coursework and internships. When she took part, the Wilsons' oldest daughter, Paris, now 18, learned coding and software management.

With so many attractive qualities, Apex has seen its population double since 2000. The town has taken steps to address the rapid growth, including a new toll road that cut the commute time to Research Triangle in half, to 20 minutes. And the just-opened Apex Friendship High School, with cutting-edge technology like 70-inch monitors in every classroom and 3-D printers, relieves overcrowding at Apex High.

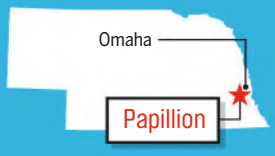
The community has also managed to retain its close-knit vibe, even as the population has grown, with events like a weekly farmers' market and an annual jazz festival. "We do a lot with our neighbors," says Jeisa Pelet, 31, who moved from Boston in 2013 with husband Alex Torres, 34. "It makes for a nice environment to raise a family."

PREVIOUS SPREAD AND THIS PAGE: PHOTOGRAPHS BY ACKERMAN+GRUBER; WARDROBE STYLING BY MOLLIE BRADFORD; GROOMING BY JO MAYE (TORRES FAMILY)

NOTES: *Median home price is annual based on Q2 2014 through Q1 2015. Property tax is annual. Unemployment is as of May 2015; county rate used when local is unavailable.*



2



PAPILLION
NEBRASKA

20,166	$159,788	$3,443	2.5%

WHAT PUTS IT ON THE MAP: *A revitalized downtown to match the already strong job market, with major bang for the housing buck.*

TWO YEARS AGO, Papillion's sleepy downtown was just about the only thing that kept it from taking one of the top spots on our list. This year is a different story. Along with the virtues that have led Papillion to five previous appearances in the top 10—great schools, good jobs, wallet-friendly housing—it now has a downtown teeming with fresh energy.

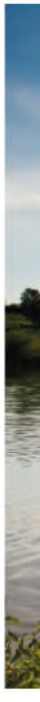
Newcomers to the area include specialty market Northwoods Cheese Haus and Twisted Vine, a wine and painting studio that Bill and Cara Ehegartner opened in 2014 in a former hardware store. Nearby, the century-old Bell Building houses local artisans and boutiques. Bill Ehegartner partners with the two-year-old Historic Downtown Papillion Business Association to organize events, such as a regular wine-tasting walk involving a dozen local merchants. The biggest local happening, though, is still the annual Papillion Days festival, now in its 68th year, which draws a crowd more than double the town's population.

Papillion has amped up beyond downtown as well. A new promoter is luring bigger acts like Third Eye Blind to Sumtur Amphitheater, the city's outdoor performance venue, and the recently opened Midlands Place shopping center ushered in more dining options, including a stone-fired pizza joint and a French bakery.

Nine traffic-free miles away are all the amenities of Omaha (see page 75). Commuters have an easy time getting to the city, which is home to five *Fortune* 500 companies. But residents don't need to leave Papillion for jobs. SAC Federal Credit Union and Black Hills Energy are large employers, and Fidelity Investments recently opened a $200 million data center.

Kathy Crews, 45, and her husband, Dennis, 48, a U.S. Navy captain, landed in Papillion last year after a search for a family-friendly town in which to raise their kids, Kaylie, 12, and Bo, 10. A $365,000 budget bought them far more space than they could fathom after four years of apartment dwelling in Germany. "We have our own home gym, a theater room, and a huge fenced-in backyard," says Kathy. "We will not outgrow this house."

The way Papillion is changing, they're not likely to outgrow their new hometown either.





CLOCKWISE FROM LEFT: *Locals take in a community theater production of* The Wizard of Oz *on the lawn at Sumtur Amphitheater; getting ready to fire up a pie at Spin! Neapolitan Pizza; playing fetch at Walnut Creek Recreation Area.*



NAME GAME French explorers named Papillion for the butterflies that gathered along the town creek.



PHOTOGRAPHS BY RYAN DONNELL

FIVE GREAT PLACES TO

GET A JOB

These towns in the top 50 have the highest projected job growth through 2019. Overall, five-year projected job growth in the U.S. is 7.4%.

1.	WYLIE, TEXAS	19.1%
2.	DOCTOR PHILLIPS, FLA.	17.7%
3.	APEX, N.C.	15.5%
4.	WAUKEE, IOWA	15.1%
5.	SPRINGVILLE, UTAH	15.0%

SOURCES: *Moody's, Onboard Informatics*

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THE SEARCH FOR NO. 1

How MONEY finds the best places to live in America

3,625

START
with data provided by Onboard Informatics on all U.S. towns with populations of 10,000 to 50,000.

1,900

SCREEN OUT
retirement communities; places with a median family income less than 80% of the state average; those with more than 95% of one race; and those with poor education scores.

932

ELIMINATE
places with a median family income of more than 210% of the state average or a median home price over $1 million. Rank the rest on factors including job growth, diversity, and ease of living, giving the most weight to economic opportunity, housing affordability, education, and safety.

280

FACTOR IN
more data on health, taxes, real estate, culture, and the economy. Limit the results to three places per state, one per county, and sort to represent all regions evenly.

44

VISIT TOWNS
and interview residents; assess traffic, parks, and gathering places; consider intangibles like community spirit.

1

SELECT THE WINNER
based on the data and reporting.



Lake Massapoag, where the high school sailing team practices and competes

FIVE GREAT PLACES TO

STRETCH A DOLLAR

These towns are tops in affordability, based on the cost-of-living index (national average is 100).

1.	HEWITT, TEXAS	95.1
2.	SPRINGVILLE, UTAH	96.2
3.	ERIE, COLO.	97.8
4.	MASON, OHIO	99.4
5.	HEBER, UTAH	99.7

SOURCES: *Council for Community and Economic Research, Onboard Informatics*

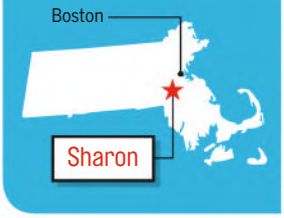






Scooping at Crescent Ridge Dairy Bar

3



SHARON
MASSACHUSETTS

18,178	$450,856	$8,664	3.3%

WHAT PUTS IT ON THE MAP: *A diverse population drawn by excellent schools and a prime location between three job hubs.*

THE NUMBER OF people who live in Sharon hasn't varied much in the past decade. But the town's growing ethnic and religious diversity has changed the face of this onetime summer resort. Home to nine churches, seven synagogues, and one of New England's largest mosques, the small-town melting pot has a burgeoning Chinese, Indian, and Pakistani population, as well as the state's highest proportion of residents of Russian descent.

So many newcomers could make for a fractious mix, but the people of Sharon have embraced the work of community building. "It's important not only to recognize and appreciate the diversity, but to learn how we can come together and engage when we don't know each other," says Beth Hoke, board president of the Sharon Pluralism Network. The coalition of community groups conducts workshops for residents and town workers and has developed an "awareness protocol" to educate people about the different customs and practices of neighbors.

What's bringing all these far-flung folks to Sharon? Terrific schools, for one. The high school is among the top 10 in the state; two-thirds of students take AP exams. That was the main draw for Gang Xu, 40, who works for an insurance company, and Feixue Tang, 39, an actuary. They moved here this year from Rhode Island with their two young sons. "We knew there was a great public school system. That was the No. 1 factor for us," says Xu.

They also liked that compared with closer-in Boston burbs, Sharon offered larger, newer homes for the same money. With an average three-bedroom listing price of $540,000 and relatively high property taxes, housing here is by no means cheap. But as residents see it, you get what you pay for, including a strategic location between large job hubs in Boston and Providence, about 30 minutes away by train, and access to the Route 128 tech corridor.

You don't have to travel far for outdoor recreation either, such as hiking at the 2,000-acre Moose Hill Wildlife Sanctuary or swimming and boating in 353-acre Lake Massapoag. Farmland rings the edges of town, making it convenient to stock up on fresh produce at Ward's Berry Farm or enjoy a cone at Crescent Ridge Dairy Bar, hailed by *Food & Wine* as one of the best ice cream spots in America.

LOCAL HERO
Townswoman Deborah Sampson, honored with a statue, fought in the Revolutionary War disguised as a man.

PHOTOGRAPHS BY PAT MOLNAR

4



LOUISVILLE

COLORADO

20,075 | $427,925

$2,484 | 3.5%

WHAT PUTS IT ON THE MAP: *A commitment to "smart growth" that keeps this Rocky Mountain magnet from encroaching on the great outdoors.*



The scene on Main Street in downtown Louisville

SMACK IN THE MIDDLE of the job-rich corridor between Denver and Boulder, Louisville has great weather, good schools, and the Rockies right out the back door. But its popularity comes at a price: A nice three-bedroom home sells for $500,000—if you can find one.

Louisville is tackling its growth challenges head-on, with improvements designed to accommodate an increasing population while preserving the open spaces that people love. Those include steps to ease traffic carrying workers to the tech companies along Highway 36, the main Boulder–Denver route, and adding more commuter buses to the two big cities. (There are employers in town too, including Sierra Nevada's Space Systems unit and bike accessory maker Pearl Izumi's U.S. headquarters.)

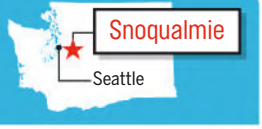
Louisville is also expanding its downtown district, building a mix of affordable housing and empty-nester condos while repurposing existing buildings. One highlight: the 110-year-old grain elevator at the heart of a new restaurant/retail center.



Snoqualmie Community Park

STARRING ROLE *Fans of Twin Peaks may recognize Snoqualmie, the backdrop for the cult-TV classic.*

5



SNOQUALMIE

WASHINGTON

11,268 | $467,475

$4,639 | 3.7%

WHAT PUTS IT ON THE MAP: *The amenities of a newer community with the soul of an old Northwest logging town.*

THIS STUNNING SPOT near the Cascades has long been known for Snoqualmie Falls, a symbol of the natural beauty that surrounds the onetime timber and railroad town. These days Snoqualmie is getting traction for other reasons: top-ranked schools, a superb network of bike paths, and residential cul-de-sacs teeming with kids (more than a third of locals are under 18).

The shift began nearly two decades ago with the development of Snoqualmie Ridge, a planned community a few miles from downtown. Today the Ridge is home to 85% of the city's population and a host of amenities, including a shopping district, office park, library, and community center. Improvements throughout town have followed: a beautification project in the historic district, a new hospital, and an extensive renovation of the only high school.

The changes helped land Snoqualmie in our top 10 for the first time. It's the perfect home base for Cisco Systems engineer and avid mountaineer Brian Dickinson, 41, and his family. "When we moved here," wife JoAnna, 40, says, "I don't think we even realized what a gem this place is."

6 SHERWOOD, OREGON

ARTS MECCA

Population: 17,813
Median home price: $304,113
Average property tax: $4,060
Unemployment rate: 4.4%

Tucked between suburban Portland and Oregon's acclaimed wine country, Sherwood has fantastic schools, affordable homes, and strong job opportunities. With major employers like Nike and Intel in the area, the job market is projected to grow 13% in the next five years.

But what makes tiny Sherwood a standout among towns its size is its robust arts scene. In May the city unveiled the 15,000-square-foot Sherwood Center for the Arts, which houses a gallery, classes, and performances. The school district, meanwhile, has bucked the national trend of slashing funding for visual- and performing-arts programs.

"There are so many opportunities for people of any age group to get involved," says Kristine Mulkey, who along with her husband, Greg, and daughters Jessica, 15, and Sophia, 12, participates in the annual Robin Hood Festival. The 62-year-old summer event draws thousands for a weekend of music and medieval-themed acts.

Hawks View Cellars winery in Sherwood



FIVE GREAT PLACES FOR AFFORDABLE HOMES

How much house you can buy depends in large part on how much money you make. These places give you the most home for your buck relative to earnings. On average, housing prices in the U.S. are 3.22 times median household income.

1.	MARYLAND. HEIGHTS, MO.	2.01 x INCOME
2.	HEWITT, TEXAS	2.06 x
3.	MASON, OHIO	2.09 x
4.	PAPILLION, NEB.	2.12 x
5.	TOLLAND, CONN.	2.12 x

NOTE: *Ranked by median home prices from Q2 2014 through Q1 2015 as a ratio to 2014 median household income.* ***SOURCES:*** *Onboard Informatics, National Association of Realtors*

7 CHANHASSEN, MINNESOTA

MIDWEST CHARMER

Population: 24,671
Median home price: $283,438
Average property tax: $4,666
Unemployment rate: 3.1%

Though it's less than 30 minutes from Minneapolis, small-town vibes define this Minnesota burb. Win or lose, locals fill the stands at Chanhassen High School games, and you'd be hard pressed to find a bigger fan than the mayor, who also moonlights as the game-time announcer.

Drive into "Chan" and you'll immediately notice the wide swaths of open space that distinguish it from denser nearby towns. Twelve lakes, five beaches, and 90 miles of trails are highlights, as is the 1,200-acre Minnesota Landscape Arboretum.

STAGE PRESENCE *Amy Adams was a regular performer at the Chanhassen Dinner Theatres in the 1990s.*

A host of smaller green spaces helps the town reach its goal of having a park within a half-mile of every front door.

Homes are affordable for the area, and there are plenty of good jobs nearby. Engineering technology company Emerson is adding to its Chanhassen workforce, and several *Fortune* 500 members, including General Mills and UnitedHealth Group, have headquarters in other western suburbs.

While there's plenty to do in town—Chanhassen Dinner Theatres is a local institution—proximity to the big city is key for many. Among them: J.J. Slygh, 40, and his wife, Lana, 34, who moved in three years ago.

They can spend the day with the kids at T-ball and the playground, J.J. says, "but we're still close enough to go downtown for dinner."



Celebrating the Fourth of July, "Chan" style

CLOCKWISE FROM OPPOSITE TOP: PHOTOGRAPHS BY MARYLYNN GILLASPIE/LOUISVILLE DOWNTOWN BUSINESS ASSOCIATION; ACKERMAN+GRUBER; DAVE LAURIDSEN; JOAN PLIEGO/COURTESY OF THE CITY OF SNOQUALMIE



Boating on the Farmington River in Simsbury

MUST-SEE Connecticut's largest tree, the Pinchot Sycamore, is a notable stop along the Farmington River.

8 COPPELL, TEXAS

SPRAWL-RESISTANT GEM

Population: 40,861
Median home price: $327,943
Average property tax: $7,605
Unemployment rate: 3.4%

Coppell has made a virtue of concrete. The ring of freeways that surrounds the town also shields it from Dallas's sprawl, which means Coppell has been able to carve out a unique identity—no mean feat here—and close-knit community. Ice cream socials, outdoor concerts, and block parties fuel the small-town pride, as does Coppell High School, an academic standout whose sports teams and marching band routinely make the finals of state championships.

Last year a downtown revitalization project brought much-needed walkability—and a boost up our list, from No. 32 in 2013. Construction is still underway, but a town square, complete with a pavilion, playground, and splash pad, buzzes with activity, especially during the Saturday farmers' market. Houses and eateries line the perimeter, with two more restaurants on the way. New buildings in Prairie style match the original 1900-era architecture.

Those freeways also give residents easy access to the airport (a 10-minute drive) and the big cities of Dallas and Fort Worth. Still, Coppell has its own job base: The headquarters of the Container Store and AAA Texas are here, as well as an Amazon fulfillment center.

Vieven Moore, 48, a New York transplant who's been a resident for 14 years, sums up what makes the place special: "Coppell has the benefits of Southern hospitality with a cosmopolitan flair."

9 SIMSBURY, CONNECTICUT

EDUCATION STANDOUT

Population: 23,767
Median home price: $289,813
Average property tax: $7,592
Unemployment rate: 3.7%

Simsbury locals will tell you that premier public schools are the main draw to this quiet colonial village nestled in Connecticut's Farmington Valley. A recent report on international education showed that students scored above average in every test category. Almost 75% of high school seniors complete at least one college-level course, and 93% of graduates pursue higher education.



Solon pavilion and picnic spot

Simsbury's kids aren't just book smart. They're active in sports, the arts, and often both, says Manuela Hanshaw, co-president of Simsbury Friends for Music. The National Association of Music Merchants Foundation named Simsbury one of the nation's best communities for music education.

Many residents make the 25-minute commute to Hartford, where jobs in finance and insurance keep the town's unemployment rate well below the national average. To unwind, they can take in a show at the impressive outdoor performing-arts center, host to artists like Willie Nelson and The Temptations, or bike on the 84-mile Farmington Canal Heritage Trail as it weaves through town along the Farmington River.

One downside: With all these perks, residents pay a premium in property taxes.



CREDIT: S. TK TK TK TK TK

10 SOLON, OHIO

CAREER INCUBATOR

Population: 24,472
Median home price: $245,056
Average property tax: $6,313
Unemployment rate: 3.3%*

**U.S. Census estimate*

On a typical weekday morning, it seems that as many cars make the rush-hour drive into Solon as those doing the 30-minute commute to downtown Cleveland. Among the 800-plus local businesses are divisions of the Cleveland Clinic and Nestlé and the world headquarters of Swagelok, maker of components for gas and fluid systems. The chamber of commerce aims to lure more businesses with tax breaks and job-creation grants.

Both the city and schools are working to teach students skills that could land them a job at one of those local businesses. A Young Innovators Society inspires kids from kindergarten on up to get into STEM fields, and a "Minnow Tank" contest for junior entrepreneurs will make its debut in January.

That doesn't mean Solon is all work, no play. The town, which already has a popular community orchestra, just launched a band, and there are plenty of parks, trails, and riverside green spaces where locals can go to kick back.

Food truck frenzy in the square at Old Town Coppell



CLOCKWISE FROM OPPOSITE TOP LEFT: PHOTOGRAPHS BY RICH WAGNER/COURTESY OF SIMSBURY MAIN STREET PARTNERSHIP INC.; COURTESY OF THE CITY OF SOLON; STAN TESS/ALAMY; COURTESY OF THE CITY OF COPPELL

50 AMERICA'S BEST SMALL TOWNS

These places score high on many of the qualities that families look for in a hometown. The icons below show where each city on our list particularly stands out.

KEY TO ICONS: Jobs | Economic opportunity | Health | Education | Arts and leisure

1. **APEX**, N.C. *pop. 42,150*
2. **PAPILLION**, NEB. *20,166*
3. **SHARON**, MASS. *18,178*
4. **LOUISVILLE**, COLO. *20,075*
5. **SNOQUALMIE**, WASH. *11,268*
6. **SHERWOOD**, ORE. *17,813*
7. **CHANHASSEN**, MINN. *24,671*
8. **COPPELL**, TEXAS *40,861*
9. **SIMSBURY**, CONN. *23,767*
10. **SOLON**, OHIO *24,472*
11. **ACTON**, MASS. *23,197*
12. **ROSEMOUNT**, MINN. *22,787*
13. **ERIE**, COLO. *20,970*
14. **WESTBOROUGH**, MASS. *18,898*
15. **EDINA**, MINN. *49,789*
16. **JOHNSTON**, IOWA *20,126*
17. **MASON**, OHIO *32,273*
18. **DRAPER**, UTAH *45,356*
19. **WOODBURY**, N.Y. *10,765*
20. **HEWITT**, TEXAS *13,926*
21. **BEDFORD**, N.H. *21,763*
22. **TWINSBURG**, OHIO *18,932*
23. **NORTH LAUREL**, MD. *21,570*
24. **WEST GOSHEN**, PA. *22,541*
25. **WYLIE**, TEXAS *43,170*
26. **DOCTOR PHILLIPS**, FLA. *11,147*
27. **NETHER PROVIDENCE**, PA. *13,875*
28. **BERKLEY**, MICH. *15,011*
29. **SAHUARITA**, ARIZ. *26,378*
30. **HILLSBOROUGH**, N.J. *39,192*
31. **DAMASCUS**, MD. *15,723*
32. **MENOMONEE FALLS**, WIS. *36,641*


The Athens Diner in Colchester, Vt.

33. **MARYLAND HEIGHTS**, MO. *28,542*
34. **TOLLAND**, CONN. *15,030*
35. **URBANA**, MD. *11,154*
36. **SPRINGVILLE**, UTAH *31,536*
37. **GERMANTOWN**, WIS. *19,645*
38. **WEST LINN**, ORE. *25,250*
39. **McCANDLESS**, PA. *29,108*
40. **COLCHESTER**, VT. *17,638*
41. **HARRISBURG**, N.C. *13,189*
42. **WAUKEE**, IOWA *16,696*
43. **LA PALMA**, CALIF. *15,789*
44. **HEBER**, UTAH *13,034*
45. **CHESHIRE**, CONN. *29,633*
46. **STALLINGS**, N.C. *13,795*
47. **MUKILTEO**, WASH. *21,211*
48. **VIENNA**, VA. *16,269*
49. **WALNUT**, CALIF. *30,054*
50. **WOODSTOCK**, GA. *26,059*

NOTES: *Rankings derived from 39 data points in the following categories: Jobs based on income growth, local unemployment (not seasonally adjusted; county data used when local not available), and projected job growth. Economy based on purchasing power, foreclosure rate, tax burden, and state's fiscal strength. Housing affordability based on median price-to-income ratio and average property taxes. Education based on test scores, educational interest and attainment, and percentage of kids in public schools. Health based on number of doctors and hospitals in the area and health of residents. Crime based on property and violent crime rates. Arts and leisure based on activities in the town and surrounding area, including movie theaters, museums, and green spaces. Ease of living based on population density, commute times, weather patterns, and other factors.* ***SOURCES:*** *Onboard Informatics (onboardinformatics.com), U.S. Bureau of Labor Statistics, FBI, Moody's, Standard & Poor's, Kaiser Family Foundation, IRS, Tax.org, RealtyTrac, CDC, Infogroup.com, Council for Community and Economic Research, American Alliance of Museums (aam-us.org), National Oceanic and Atmospheric Administration, National Association of Realtors, GreatSchools, FAA, U.S. Census Bureau, United States Postal Service, U.S. Bureau of Economic Analysis, American Community Survey, Federal Housing Finance Agency, National Center for Education Statistics, National Center for Health Statistics, county assessors' offices, MountainVertical.com, White Book of Ski Areas (whitebookski.com), National Assembly of State Arts Agencies, Association of Zoos and Aquariums (aza.org), MCH Strategic Data*

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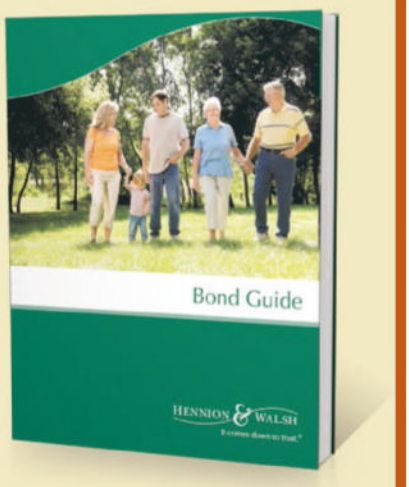


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Why municipal bonds may deserve a place in your portfolio. (Page 1)

Why insured bonds often provide an extra degree of security. (Page 2)

Why municipal bonds can potentially provide safety of principal. (Page 3)

How municipal bonds can potentially provide tax-free income. (Page 3)

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THE 5 BEST BIG CITIES

SMALL TOWNS NOT YOUR THING? THESE FIVE URBAN GEMS OFFER AN ABUNDANCE OF AMENITIES, AND AT VERY LIVABLE PRICES.

By Ian Salisbury

FOR SOME PEOPLE there's nothing more all-American than a small town. But there are plenty of folks—from millennials searching for that first big job to retiring boomers eager for big-city convenience—who want something different. Trendy restaurants. Top-notch hospitals. Maybe the chance to see a show once in a while—or once a week. In fact, the city slickers have the upper hand of late. Census data show that after years of giving ground, growth in America's largest cities has outpaced suburbs' every year since 2010.

That's why this year, in addition to our usual look at America's top towns, MONEY crunched the numbers on every urban center with more than 300,000 residents—63 in all. As with our Best Places small-town list, our city rankings put a premium on a robust job market, affordable housing, and quality-of-life factors such as accessibility to health care, culture, and open space.

That said, because urban living offers different flavors and challenges, we gave extra points to cities with low crime and strong public schools, and we folded in new data on walkability. We also selected one city each from the Northeast, Southeast, Midwest, Southwest, and West to ensure finding a destination in every corner of the country. Now that the hard work is done, all you have to do is pick a place and start packing.

NORTHEAST

PITTSBURGH
PENNSYLVANIA

Population	Median home price	Average property tax	Unemployment rate
305,000	$115,000	$2,000	5.6%

High-tech MAGNET

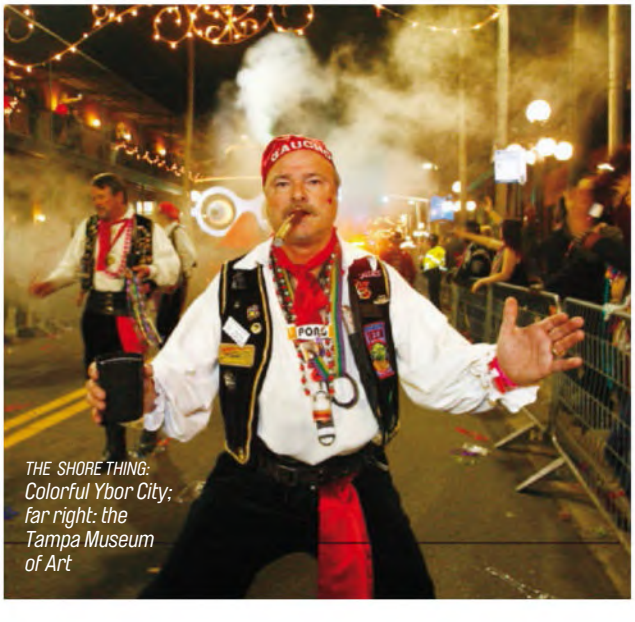
IT READS LIKE a plotline from HBO's hit show *Silicon Valley:* Billion-dollar tech startup Uber, itching to build the first driverless car, swoops into a university robotics department and hires 40 staffers en masse. It really happened this spring. Except the drama didn't take place in California. It was in Pittsburgh.

Every Rustbelt city dreams of reinventing itself for the 21st century, but Pittsburgh has succeeded. In large part that's thanks to two tech-rich schools: the University of Pittsburgh and Carnegie Mellon—it was Carnegie's robotics lab that provided Uber with all that brainpower. In a sense, Uber was following a tech trail blazed by Google, which opened a center in a refurbished Nabisco factory in 2006, as well as Apple and Intel, which also have research hubs in the city. "Between academia, innovative companies, and lots of startup activity, [the tech world] loves it here," says Kamal Nigam, head of Google's Pittsburgh office. Work in computer-related fields has grown at twice the rate of the national average in recent years. The city's overall unemployment rate is slightly above the national average, but it's well below the rate in industrial cities such as Cleveland (8%), Buffalo (6.9%), and even cross-state rival Philadelphia (7.5%).

Pittsburgh is different from many tech hubs in one key way, however: You can still afford a house there. Home prices are just 2.7 times the median income. In another regional tech hub, Austin, they are 3.9 times; in Portland, Ore., they're 4.8. Pittsburgh's Shadyside neighborhood boasts tree-lined streets and Gilded Age mansions, like the one built by Henry Clay Frick's lawyer. Just down the road are spacious apartments and three-bedroom houses that can be had for less than $350,000. You'll also find affordable gems in Bloomfield, a more urban area with Italian and German roots.

Pittsburgh's tech resurgence is also helping revive its street





THE SHORE THING: Colorful Ybor City; far right: the Tampa Museum of Art

SOUTHEAST

TAMPA
FLORIDA

Beyond the BEACH

Population	Median home price	Average property tax	Unemployment rate
352,000	$121,200	$1,800	5.6%

DO THE PEOPLE of Tampa even bother to brag about their beaches anymore? Earlier this year the Tampa Bay Lightning nearly beat Chicago for the Stanley Cup—yes, that's ice hockey. In 2014 the city hosted the 15th International Indian Film Academy Awards—the Bollywood Oscars—thanks in part to its 15,000-strong Indian community. Up for 2017: college football's national championship. Says

OPENING SPREAD: PHOTOGRAPH BY BLAINE HARRINGTON III/CORBIS; THIS SPREAD, CLOCKWISE FROM LEFT: PHOTOGRAPHS BY LUIS SANTANA/TAMPA



life. Bakery Square, the development that houses Google as well as several University of Pittsburgh offices, has helped transform the old industrial site into a high-end walk- and bike-friendly shopping district, complete with a Trader Joe's and a Whole Foods. There's also Thrival, a weeklong festival that combines live music and TED-like talks on innovation and entrepreneurship. "The energy in Pittsburgh is magnetic," says Dan Law, the festival's executive producer. "Our city is back."



IRON CITY REBORN: The leafy campus of Carnegie Mellon University (left); tidy row houses on Kentucky Avenue (above), in the heart of the cozy Shadyside neighborhood



BAY TIMES/ZUMA: COURTESY OF CARNEGIE MELLON UNIVERSITY; JEFF GREENBERG/FIRST LIGHT; COURTESY OF TAMPA MUSEUM OF ART

Neal Anderson, a small-business owner who moved from Chicago in March: "It really feels like a city whose time has arrived."

Five years ago, few would have predicted that. Like most places in Florida, Tampa was hit hard by the real estate crisis. The median home price fell from $210,000 in 2006 to $91,000 in 2011, according to Zillow. But to new arrivals, that can look like an advantage. While prices have risen in the past three years, they're still more than a third below 2006 peaks. A 1920s three-bedroom bungalow in the Seminole Heights section or a newer four-bedroom home in the planned community of Tampa Palms can be had for less than $300,000.

Tampa's potential isn't tied just to affordable real estate. A recent airport expansion helped bring flights from Seattle and Zurich and in turn helped lure a Bristol-Myers Squibb marketing and IT center with 600 jobs. An Amazon distribution plant, opened last year, brought 1,000 more. Moody's estimates job growth in Tampa at nearly 15% in the next five years. "Tampa still isn't on the radar of people in the Northeast and the Midwest," says Jeffrey Vinik, a former hedge fund manager (and owner of the hockey team), who is also investing in redevelopment projects and a new medical center. He moved his family here from Boston three years ago. "I think it's going boom," Vinik says.



MOUNTAIN TIME: Renovated Union Station, built in 1894, is home to trendy restaurants and a top hotel (left); at the Bicycle Cafe (below) even the bikes like to hang out.

WEST

DENVER
COLORADO

Youthful VIBE

Population	Median home price	Average property tax	Unemployment rate
661,000	$288,800	$1,600	4.1%

DENVER IS ONE of the country's fastest-growing destinations for millennials, and it's not just because of what you might call the chemically induced Rocky Mountain high factor. "You have real, legitimate urban living, then 45 minutes away you have backpacking, biking, or you can be scaling a 14,000-foot mountain," says Ken Schroeppel, a professor of urban planning at the University of Colorado Denver.

The other big millennial draw—and one that's good for all ages—is the price of real estate. Younger adults are often priced out of owning their own homes in hip urban centers such as Boston (median home price: $462,000) and San Francisco ($1 million). The typical home in Denver goes for $288,800. Prices are on the rise, up 10.3% in the past year, which is faster than any of the other 20 cities measured by the S&P/Case-Shiller home price index. Yet you can still get a two-bedroom apartment in Capitol Hill, in the shadow of Colorado's gold-domed capitol, for under $300,000, and it's only 10 minutes from downtown.

You don't even need a car to make the commute. Denver's bike-share program, one of the country's oldest, expanded from 53 to 87 stations two years ago.

With more than 110 miles of bike lanes, as well as extensive trails along the South Platte River and Cherry Creek, Denver is criss-crossed by about 10,000 pedaling commuters every day, according to BikeDenver, an advocacy group.

All that riding (not to mention the hiking and skiing) has helped make Denver one of the healthiest cities in America. A recent study by Gallup ranked Denver first among large U.S. cities for the number of residents who exercise regularly—more than 57%. It also tied with San Diego for the lowest obesity rate, at 19.3%. Health care is a big source of jobs as well. Employment in Denver's health care industry grew 4.9% last year, compared with 1.6% nationally. One key factor: the new University of Colorado Anschutz Medical Campus in Aurora, eight miles from downtown. Along with its two hospitals, the center is expected to employ 25,000 over the next decade.



MIDWEST

OMAHA
NEBRASKA

Foodie OUTPOST

Population	Median home price	Average property tax	Unemployment rate
433,000	$116,300	$2,700	2.9%



SOLID ECONOMY, CHECK. Affordable homes, check. Average commute of 18 minutes, check. There are plenty of solid reasons to love life in this unpretentious Midwestern city. By the way, did you hear about the burgeoning food scene?

Not long ago, Omaha's most talked-about culinary adventure was Warren Buffett's regular $4 root beer floats at Piccolo Pete's. Nowadays there's plenty for cosmopolitan tastes too. Drawing on its rich cattle tradition, Omaha is a natural fit for the farm-to-table movement. The Grey Plume has been recognized five times by the James Beard Foundation since it opened in 2010. The Boiler Room, located in Omaha's historic Old Market shopping district, carries food from 18 local farms. And Block 16, which bills itself as serving "farm-to-table street food," boasts Omaha prices, like the prime-rib sandwich for $8.95 or the French fries topped with duck confit for $6.50. "We have some of the best produce in the country," says Clayton Chapman, chef and owner of the Grey Plume. "There are two nearby farms where I can get Wagyu beef."

Folks who think that Omaha is merely a Berkshire Hathaway company town might be surprised by the diverse economic menu too. Buffett's homegrown business is one of five *Fortune* 500 companies in Omaha, along with ConAgra, Union Pacific, Peter Kiewit Sons', and Mutual of Omaha. The Fab Five, as they're sometimes known, helped the city's job market weather the 2008–09 recession better than any of the 100 largest American cities, according to the Brookings Institution. Homes have remained affordable; they are only about 4% above where they were in 2006, according to Zillow. (For a small-town alternative, check out nearby Papillion from our Best Places list on page 65.) Unemployment in the Omaha area is just 2.9%, compared with 5.3% nationwide. And you just can't beat the commute. "I can get from downtown Omaha to a farm in 20 minutes," says Chapman. "That's something few chefs in New York can say."



BUFFETT'S NEW BUFFET: The trendy Old Market district (right); Boiler Maker Restaurant (above), named not for the drink but because it was once a factory boiler room

CLOCKWISE FROM TOP LEFT: PHOTOGRAPHS BY EFRAIN PADRO/ALAMY; CHRIS MACHIAN/NY TIMES/REDUX; DAN BROUILLETTE; STEVE REMICH

NOTE: This list was compiled using the same pool of data for "Best Places to Live," augmented with statistics on walkability and transit provided by WalkScore.com. For a complete explanation of our notes and sources, see the note on page 65.



LINKS AND BEYOND: Teeing off at the Longbow Golf Club; the Las Sendas neighborhood (bottom)

SOUTHWEST

MESA
ARIZONA

Good golf, GREAT SCHOOLS

Population	Median home price	Average property tax	Unemployment rate
461,000	$172,500	$1,200	4.5%

THERE ARE BIGGER cities in Arizona (Phoenix and Tucson) and bigger golf meccas too (Scottsdale). Mesa can hold its own in both categories, and it beats them all in one key way—it's a great, affordable city for raising a family.

One prime reason: education. Of the 51 schools that earned the Arizona Educational Foundation's A+ designation this year, nine were in Mesa. "That's more than any other district in the state," says Bobbie O'Boyle, the foundation's executive director. When it comes to college, Arizona State is just next door in Tempe, while ASU's Polytechnic campus, which focuses on engineering and aviation, was built on a former Air Force base in town.

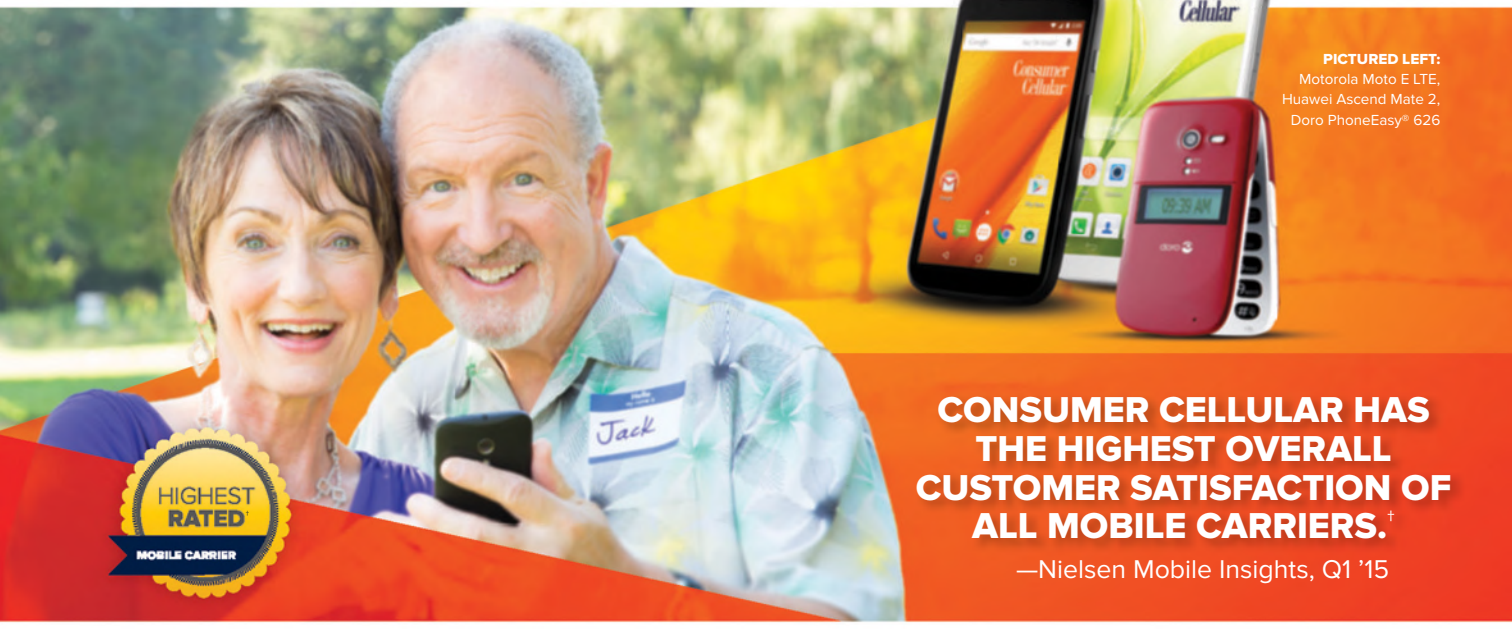
Housing is another family draw. Word is spreading about Mesa—home prices are up 5.1% in the past year, compared with 3.9% for Arizona as a whole, according to Zillow. But the city remains affordable: The median home price of $172,500 is less than half of ritzy Scottsdale's, and property taxes are among the lowest in the state. Even tony neighborhoods like the mountainside Las Sendas, 20 minutes from downtown Phoenix on the new Highway 202, are in reach for middle-class families. While palatial Las Sendas homes overlooking the city can hit $2 million, 2,000-square-foot, three-bedroom homes go for $325,000. A new, five-bedroom spread with a pool fetches the same price in the Eastmark development.

And don't forget the golf. Mesa is home to more than two dozen courses. Some of them are famous, such as Longbow Golf Club. But many are suited to a regular day on the links. At Sunland Village Golf Club, which was voted Arizona's best golf value by website Golf Advisor last year, playing 18 holes costs $20—including the cart. At those prices the entire family can play.



PHOTOGRAPHS: COURTESY OF LONGBOW GOLF CLUB; DAVE G. HOUSER/ALAMY

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PICTURED LEFT:
Motorola Moto E LTE,
Huawei Ascend Mate 2,
Doro PhoneEasy® 626

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—Nielsen Mobile Insights, Q1 '15

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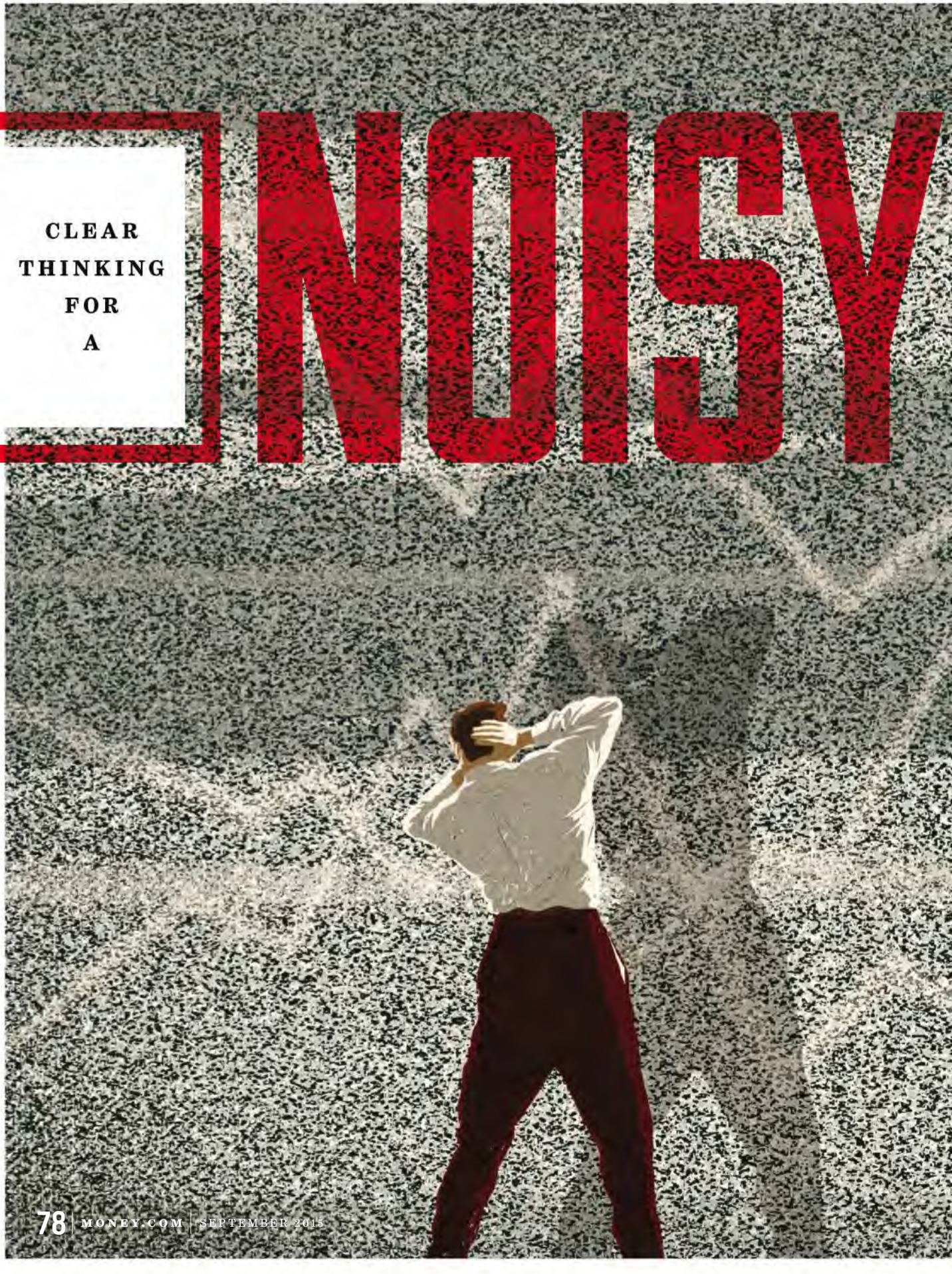
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© 2015 Consumer Cellular, Inc. New service activation on approved credit. Cellular service is not available in all areas and is subject to system limitations. Terms and Conditions subject to change. †Based on interpretation of Nielsen's Mobile Insights survey data, which uses respondents' self-reported rating (1 to 10 scale) of overall satisfaction with their carrier from a national survey of approximately 90,000 U.S. mobile phone users during Q1 '15.

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CLEAR THINKING FOR A

NOISY



MARKET

WHEREVER YOU TURN, THERE'S NEWS TO MAKE YOU FRET ABOUT YOUR PORTFOLIO. HERE'S A LOOK AT FIVE INVESTOR WORRIES—FROM CHINA'S CRASH TO FROTHY STOCKS AT HOME—AND STRATEGIES TO BEAT ANXIETY AND FIND OPPORTUNITY. BY **PAUL J. LIM** ILLUSTRATIONS BY **MARK SMITH**

We're still in a bull market, but it's been a strangely nervous season. Scan the headlines and you start to wonder: Could that big crash in China have ripple effects that drag down equities here? What about the often-baffling drama between Greece and the rest of Europe? And in the U.S., why have profitless biotech companies been bid up like this is 1999? That can't possibly keep going—can it?

Scott Clemons, managing director at Brown Brothers Harriman, likens a bull market to a growing pile of sand. "At some point," he says, "all it takes is one more grain to cause the pile to shift." Or collapse.

The tricky part, though, is that strong market rallies are nearly always accompanied by reasons to be anxious. Last year the market gained 14% despite a slow global economy, Russian aggression against Ukraine, and the spread of Ebola. Run for cover with each omen of trouble and you'll end up missing out on many of the gains stocks deliver.

So whenever you hear a troubling new market story, it's important to take a step back and assess the real risks to your money. Here's a clarifying look at five bearish scenarios, with a rating for how worried you need to be. In each case, you can position your portfolio to help prevent being blindsided, avoid panic, and even take advantage of new opportunities.

THE BIG WORRY

The Greek financial crisis sets off a bigger European mess.

WHAT'S REALLY GOING ON: For months the debt-burdened Greek government has been on a tightrope, seeking to pare back austerity while trying to avoid going off the euro, Europe's shared currency.

The direct impact of Greece is tiny—like "being on a diet and eating two M&M's," says financial planner Lewis Altfest. Greek shares are 0.06% of the popular Vanguard Total International Stock Index Fund.

A more serious concern is contagion. If Greece leaves the euro, perhaps other debtor nations will follow, creating havoc in the Europe-wide economy, which is comparable in size to the U.S.'s. Fortunately, that looks unlikely: Sandy Black, investment director for J O Hambro Capital Management, says Portugal, Spain, and Italy are too far along in their recoveries to risk a departure.

Still, it's enough to make currency traders nervous. The euro has lost 18% against the dollar over the past year. That's a drag on returns for American investors holding euro-denominated stocks, including through most mutual funds.





YOUR BEST MOVE

● **Bargain hunt in Europe.** European and U.S. stocks usually have similar price/earnings ratios, based on five years of earnings. Now Europe's at a 25% discount. And there's a comeback catalyst: From here, a weak euro gives European companies an advantage over U.S. firms, as it makes their exports cheaper. Already, corporate earnings growth in the region has accelerated to nearly 12%, up from 4% last year, says S&P Capital IQ.

Want an extra measure of confidence in a tough environment? **PowerShares International Dividend Achievers** (PID) includes European blue chips, such as Sanofi, with the strength to consistently raise dividends.



THE BIG WORRY

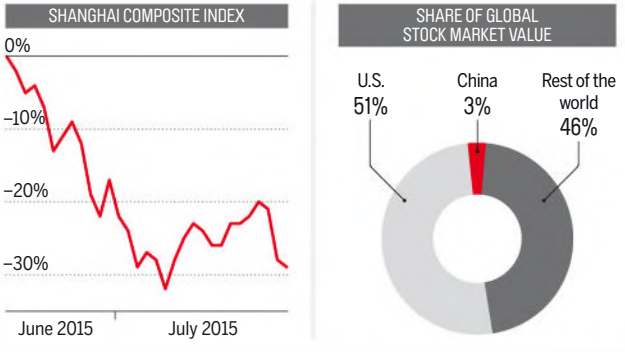
China's stock crash stalls global growth.

WHAT'S REALLY GOING ON: Relative to the Greek crisis, "China is a much bigger story," says Brian Levitt, senior investment strategist for OppenheimerFunds. As the world's second-largest economy, China is expected to drive global growth as it continues its transition from a manufacturing-based economy to a consumer-driven one.

It turns out, though, to have a terrible problem with financial bubbles. In the year up to mid-June, the Shanghai Composite Index shot up 150%, as Chinese investors hoping to make up for losses in a recent real estate downturn poured into the stock market, many of them for the first time. They had unrealistic expectations: The market has since slammed into reverse, falling by a third in less than a month and wiping away $4 trillion in wealth.

A BIG DROP FOR A SMALL MARKET

China—despite its economic might—remains a tiny slice of the stocks you might own if you have a globally diversified portfolio.

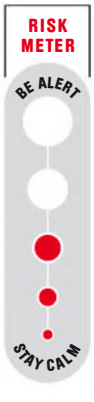


NOTE: Global share based on MSCI All-Country World Index. ***SOURCES:*** *Ycharts.com, iShares*

Chinese shares are far more likely to be in your portfolio than Greek stocks, but they're still less than 5% of most diversified foreign equity funds. The real issue is whether the financial panic will cause households to curtail spending and put the brakes on China's GDP growth, which is already down to 6.5%, off from earlier forecasts of 8%.

The impact on GDP may not be as bad as the effects of past crashes in the U.S. "For a country with more than 1 billion people, the percentage of those exposed to the financial markets is limited," Levitt notes. Only 6% of households own equities.

Still, China is the world's biggest user of raw materials. Any slowdown will be felt in investments that touch commodities, says Henrik Strabo, a portfolio manager at Rainier Investment Management.



YOUR BEST MOVES

- **Switch emerging-markets gears.** Investors who have sought extra growth by investing in emerging-markets funds have been hurting because so many developing economies rely on selling commodities. But there may be opportunities among consumer-oriented stocks that are being hit with the rest of the market. These companies—like Brazilian brewer Ambev, down 10% in three months—can be found in **EGShares Emerging Markets Consumer** (ECON), an exchange-traded fund.
- **Be cautious on a Chinese rebound.** As with Europe, China might be interesting to some value-minded investors. But Beijing's response to the crash—halting trading on many stocks and placing restrictions on selling shares—sent a dangerous signal, says Simon Hallett, chief investment officer at Harding Loevner. Investors still looking for a long-term China play should stick with Chinese stocks traded on U.S. exchanges. The **PowerShares Golden Dragon** (PGJ) ETF holds only such stocks, which include search engine Baidu.com and China Mobile.

THE BIG WORRY

A complacent market gets spooked by a random event.

WHAT'S REALLY GOING ON: An important factor in triggering bear markets is pure psychology. And there's a case that investors are vulnerable to getting psyched out right now. The VIX index—known as the fear gauge because it measures the volatility investors expect—remains well below its historical average of around 20 (see chart below). "This says there's a great deal of investor complacency in the market," says BBH's Clemons.

Complacency can be a contrary indicator, suggesting trouble ahead for the market. When investors aren't on guard, they may overreact to surprises—and odd things are always coming from left field. A recent reminder: The New York Stock Exchange shut down for several hours in July. It quickly became clear this was a limited technical glitch, but it was still enough to cause a selloff for the day.

There is a risk of a short-term scare triggering a race for the exits in the bond market too. Because of the popularity of bonds lately, funds and ETFs hold a far greater proportion of bonds that trade infrequently than before the financial crisis. This includes thinly traded "high-yield corporate debt, bank loans, and international debt," according to a recent Fed report. If investor redemptions force some funds to dump a particular type of bond, "this could lead to excessive bond price volatility," says Jack Ablin, chief investment officer for BMO Private Bank.

YOUR BEST MOVES

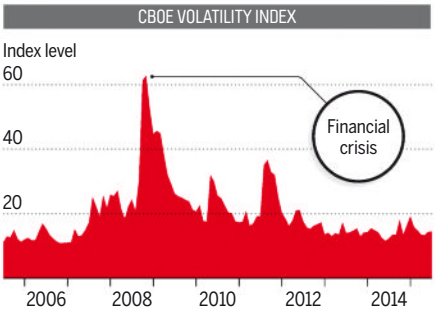
● Keep your core portfolio broad ... The best defense against a psychological panic is to manage your own psychology. Beforehand, don't lean too much on the high-returning or high-yield fare the market is most euphoric about—that's what will fall the hardest, scaring you into selling at what may be just the wrong time. A portfolio anchored in broadly diversified funds like **Vanguard Total Stock Market Index** (VTSMX) and, on the bond side, high-quality corporates and Treasuries, will be easier to stick to.



● ... and a little slow. Mutual and exchange-traded funds are both fine investments, but for your core long-term holdings, mutual funds may have the behavioral edge. Unlike ETFs, mutual funds calculate their value just once, at the end of the day, so you'll be less tempted to try to play a wild midday price swing.

IT'S QUIET. TOO QUIET?

The "fear" index, a contrary indicator, suggests today's calm investors may be in for a shock.



NOTE: *Monthly averages.* ***SOURCE:*** *St. Louis Fed*

THE BIG WORRY

High-priced glamour

WHAT'S REALLY GOING ON: Psychology can cause surprising ups and downs, but fundamentals—like the value of stocks relative to earnings—drive long-term returns. And on that front, some see signs that stocks are getting ahead of themselves. Just ask Federal Reserve chair Janet Yellen, who over the course of the past year has de-

THE BIG WORRY

Inflation makes a surprise comeback.

WHAT'S REALLY GOING ON: There's a very lopsided debate now about inflation. For years market pundits and cable talking heads have warned (so far incorrectly) that the Fed's zero-interest-rate policy would unleash inflation. The money in the market, on the other hand, is betting on very mild inflation. The modest yields investors are willing to accept on regular bonds (see graphic at right) says they aren't worried about seeing their money eroded.

Here's the thing: You don't need to take a side. Markets are betting on such low inflation

stocks tumble down to earth.

scribed valuations for junk bonds, biotech stocks, and the broad U.S. market as being "stretched."

Indeed, the S&P 500's P/E—based on a conservative measure of profits over the past 10 years—is above 25, as high as it was before the financial crisis. Glam stocks are in another stratosphere. Biotech shares, for instance, have quadrupled in value since 2011. Millennial-friendly fast-casual restaurants such as Shake Shack and the Habit Restaurants sport triple-digit P/Es.

Now take a deep breath. Valuations are a weak short-term timing signal. The market's long-run P/E was above 25 from 1996 to 2000 before a bear struck. Ditto for between 2003 and 2007. By fleeing stocks now, you could be leaving behind months or years of gains.

RISK METER
BE ALERT
STAY CALM

YOUR BEST MOVES

● **Stay in stocks, but consider a conservative tilt.** As an alternative to shifting to bonds, seek out funds and ETFs that have a track record of doing well in down markets. They'll generally be light on the speculative biotech and burgers. A prime example is **American Century Value** (TWVLX). In down months the fund has lost 30% less than the broad market over the past 15 years. And during that stretch, it has beaten 95% of its peers overall.

● **Or upgrade your quality.** Seek companies with strong balance sheets and little debt. While these often outperform in the later stages of a bull, they've been relatively out of favor recently. A way to gain exposure is **PowerShares S&P 500 High Quality** (SPHQ). In a downturn, investors will likely value dependable earnings.

that even a moderate bump in the consumer price index will make having a partial hedge against inflation worthwhile.

James Paulsen, chief investment strategist at Wells Capital Management, makes the case that inflation could be stronger than many think. Inflation arises when demand outstrips supply. Lately a slow economy means demand is growing only modestly. But the supply of goods could be on track to grow even slower. "There's no growth in our working-age population," says Paulsen. The workforce participation rate remains well off its 2000 peak. And productivity has been flat for a couple of years. "Even modestly better-than-expected growth could bring inflation back," he says.

Paulsen is not alone in this thinking. While the consensus forecast among 70 economists surveyed by Blue Chip Economic Indicators is that inflation will rise just a tad above 2% next year, the five highest projections are for the consumer price index to rise around 3% next year.

RISK METER
BE ALERT
STAY CALM

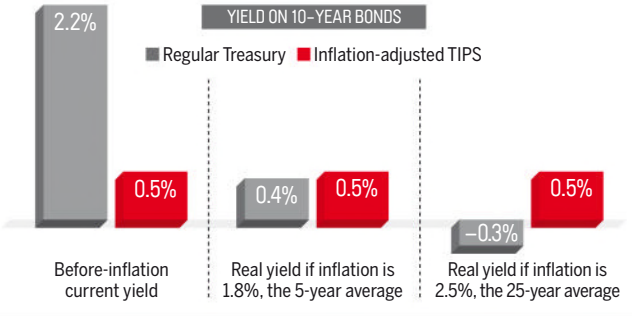
YOUR BEST MOVE

● **Boost your TIPS.** Treasury Inflation-Protected Securities, whose value is linked to consumer prices, pay even less than regular Treasuries in these low-yielding times. Still, "a contrarian-minded investor should give TIPS a look," says Christine Benz, director of personal finance at Morningstar. Think 20% of your bonds if you are retired; less than that if you are working. The graphic below shows how individual TIPS (available at treasurydirect.gov) held to maturity can preserve purchasing power.

Fund investors can get TIPS via **Fidelity Inflation-Protected Bond** (FINPX). Bond funds tend to fall in value when interest rates rise. This fund takes on moderate rate risk, though losses would be partly made up for as yields rise. And its built-in inflation hedge helps you cross one more worry off your list. M

TIPS PAY OFF WITH EVEN MODERATE INFLATION

The yields on TIPS don't look attractive, but they are guaranteed to hold up to inflation. The same can't be said for regular bonds.



SOURCE: U.S. Treasury

FEEDBACK: plim@moneymail.com

THE MONEY INTERVIEW

LESSONS OF A SERIAL ENTREPRENEUR

ALEX BLUMBERG GAVE UP A STEADY PAYCHECK TO LAUNCH A PODCAST COMPANY—AND MADE THE EXPERIENCE THE SUBJECT OF HIS FIRST SHOW. NOW HE SHARES WHAT HE LEARNED ABOUT TURNING A COOL BUSINESS IDEA INTO COLD, HARD CASH.

Interview by Hank Gilman /// *Photographs by* MATT FURMAN

Like many entrepreneurs, especially those of a certain age, Alex Blumberg never intended to ditch it all to launch a business. He was a producer for public radio program *This American Life* and worked on the popular business podcast/blog *Planet Money.* He was winning awards. Getting raises. Life was great. But all along Blumberg had an idea he couldn't shake: to produce narrative journalism podcasts, in serial form—to be, as he puts it, the HBO of podcasts. Blumberg tried to sell the idea to his NPR bosses. No luck. So he decided to go it alone, launching Gimlet Media in the fall of 2014. The company's first 14-episode series, *StartUp,* chronicled his own adventures as a rookie entrepreneur. Since then he's launched two more acclaimed series, and he expects the venture to generate revenues of $2 million this year. But the journey hasn't been easy. As Blumberg, now 48, told MONEY: "It was only after I got into it that I realized how little I knew about running a company." Read on to get the benefit of his experience.

A lot of people have business ideas but never take the plunge. What made you take the next step?

I was at *Planet Money,* and the business was growing rapidly. The audience was really passionate. I felt people liked the content but wanted to consume it in a different form—in length and voice. I told people that we should put together shows like *Planet Money* where episodes come out once a week and people could listen on demand. In 2013 I realized that in order to make that happen, I was going to have to do it on my own.



BLUMBERG, AN AWARD-WINNING RADIO PRODUCER, LEFT NPR TO LAUNCH GIMLET MEDIA IN 2014.

Did you question whether this would be a financially smart move?

My wife and I both thought about it. I could have climbed the ladder at NPR and gotten higher salaries. In my old job I had more free time, less travel, and fewer early mornings and late nights. Right now, I'm poorer than I would have been. If anyone fully understood the magnitude of starting a business—the costs personally and financially—they wouldn't do it.

So why do it?

I felt the upside justified the risk. If the company became a multimillion-dollar company, I'd own a large chunk of it, and that would be way more upside than I would have earned at my old job. But if it doesn't or the company turns south, which the odds say are the likeliest outcomes, I'll have made a huge financial mistake.

Do you worry about money now?

A lot. My wife has a good job as a TV producer, and she got a raise, so that helped. I also did other stuff on the side, like speaking engagements, to bring money in. But we were hand to mouth there for a little bit. We were both pretty stressed by it.

Have you had to change your lifestyle as a result?

We never go out to movies or dinner. I just bought new clothes for the first time in maybe three years. I was wearing the same ratty pair of running shoes for a year and a half. But compared to most, we're in fine shape. We go on vacation in the summer. And our kids still take swim lessons and go to camp.

Did you tap your retirement funds to launch the company?

I didn't tap the 401(k). God, no! But we spent down our savings and racked up some credit card debt.

This interview has been edited.

You also raised almost $2 million from investors to start the business. How hard was that?

I thought it was going to be pretty easy to raise money, that I'd be able to go to people and say, "Look, I did this and now I'm going to do more of it," and it would be easy to convince them. I had my ass handed to me. One of the first guys I approached was this venture capitalist I interviewed on NPR. I didn't know what a VC did. It was a ridiculous place to start, and he turned me down. I should have started by trying to raise money from people who were familiar with what I did. There were plenty of people in the public radio system who would have written me a check.

You also realized that you needed a partner who knew something about business.

It quickly became clear I needed help on the business side. I didn't know what I was talking about on a profound level. I worked in public radio. It's sort of a destination for pretty much the least savvy business people on the planet, you know? That's when I met my co-founder, Matthew Lieber, who was working at the Boston Consulting Group. He'll say, "No, this is a horrible thing for us to do" or "This is a great thing for us." Matt sees things I don't see and understands things I don't understand. I don't think in terms of what things will cost or make money. I think in terms of stories and how to tell them. It wasn't until I teamed up with Matt that we actually started attracting investors.

There's an episode of* StartUp *in which you and your wife agonize over giving Matt an almost equal share of the business. But you eventually relented.

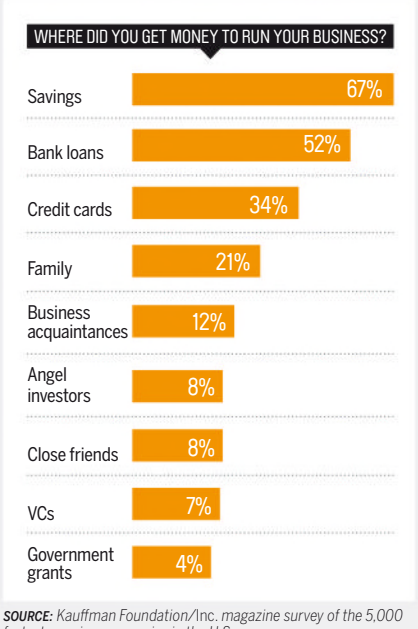
That's true. It was a risk because we didn't really know each other. But if the company was going to work, we both needed to feel fully invested in its success. Fighting over equity percentages just felt like a bad use of time when the company is worth nothing. It was absolutely the right decision.

What was it like to let these kinds of business and personal decisions play out in public?

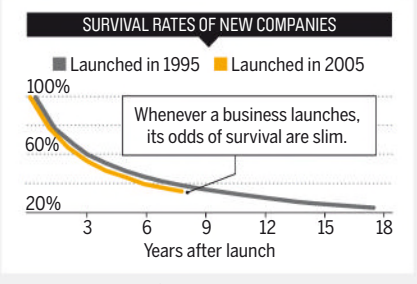
We worried before each episode. Would this be the time we reveal too much and have people use it against us? But every time, people related. I think it's taught me the value of not being defensive. I now try more than ever to be as honest about my shortcomings as I can. The more you're open about it, the more people respect you for your honesty.

SKIN IN THE GAME

Contrary to popular belief, startups are rarely funded by professional investors. And few, alas, survive in the long run.



SOURCE: *Kauffman Foundation/Inc. magazine survey of the 5,000 fastest-growing companies in the U.S.*



SOURCE: *Bureau of Labor Statistics*



BLUMBERG ON THE ROOF OF GIMLET'S BROOKLYN OFFICES

more than an idea in the head of a public radio producer isn't that simple. If you've pissed off a bunch of people in your past professional career, it would be really hard to start a company.

But these days a lot of people launch companies when they're young. Is it too late to start at your age, with young kids and all?

Too late is maybe a better time to do it in a weird way. It is hard to start a business at this stage in life. But if I hadn't done all these other phases of my career, it would have been so much harder. I couldn't have done this when I was 23 or even 40. So many people I now work with I met in my old job. Also, having a family grounds you. It gives you discipline. I can't couch surf and live off credit cards with a family to support.

That's good advice. What else should aspiring entrepreneurs know before starting a business?

Don't tell—*make*. Fundraising went very slowly for us, and we'd still be fundraising if I hadn't launched the first episode back in September 2014. I knew that people would like *StartUp* and it would attract some kind of audience. But more than that, it made it real to potential investors. It wasn't until I made something completely on my own that investors took me seriously. The faster you can take your idea from theoretical to tangible, the better off you'll be.

Also, focus on what you're good at. A company at the beginning is like a stem cell: It can grow into anything. We wrestled a lot with what exactly we should be. Should we focus on building podcast technology or exclusively on content? In the end we decided to stick with what we knew—content. Focusing on a different discipline might have been too much.

What are the most important lessons you've learned so far?

One lesson I've learned over and over is that the reputation you personally built before starting a company is incredibly important. Finding good people who are willing to leave their jobs to join a "business" that is nothing

Last question: How's business? Are you going to make it?

Our audiences are bigger and our revenue is better than we thought it'd be. We have a couple of years to run on what we raised and the revenue we generate. I worry about ad rates plummeting and not being able to find other sources of revenue. But big picture, I'm about as optimistic as I'm capable of letting myself be.

MORE ONLINE

Watch a video on Gimlet Media and sample the company's podcasts at ***Money.com.***

WARDROBE STYLING BY INGRID AMMANN; GROOMING BY NATALIE CARDONA

The Connected HOME

How the Internet of Things is making your home interactive.



IT'S TIME TO EMBRACE GEORGE JETSON. By 2020, there will be more than 26 billion connected cellphones, computers, and appliances in our homes, according to IT research and advisory firm Gartner. The Internet of Things (IoT) is here, turning everything from refrigerators to home security systems into a computer managed by mobile devices.

The advent of the IoT was, in great part, inevitable: With the speed of technological innovation and the rapid evolution of the Internet, possibilities for powering our homes through Internet technology have translated into safety, convenience, efficiency, and luxury. At this point, the question isn't "If"; it's "How will life change with the IoT?"

Say you remember that you neglected to lock the back door of your home—once you arrive at the airport. One command issued through your smartphone will lock the door and give you peace of mind knowing that your home is secure. Not sure if your home beer keg has enough left for your dinner party tonight—and you're still at the office? Use an app to measure how much is left, and order a new one, if necessary. Solutions can range from the simple—remotely turning lights off and on—to the complex, with networks that monitor your home's environmental systems and utility usage and incorporate real-time data supplied by an Internet connection.

Colorado-based water management firm Rachio has created an intelligent sprinkler controller that not only turns the home sprinkler system on and off via your mobile device, but also incorporates weather forecast data, vegetation types, and other information to control and alter the flow of water based on changing conditions. Rachio's marketing manager, Eric Petrek, stresses that while Rachio solutions certainly make landscape management more convenient, an even greater benefit comes in terms of water savings, with water usage reduced by an average of 30%.

Energy conservation and cost savings are two extremely compelling benefits of smart homes. Thermostats capable of learning your schedule, smart sprinklers, outlets that monitor electricity usage, Wi-Fi-enabled lighting, and smart water heaters can all act to significantly reduce electricity and water consumption.

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SENSORS CAN WARN YOU OF WATER LEAKS, FIRES, HUMIDITY LEVELS, AND OTHER POTENTIALLY DANGEROUS MALFUNCTIONS OR CONDITIONS DIRECTLY, NO MATTER WHERE YOU ARE.

Besides saving you money, smart homes can make life safer. Connected home security systems offer an alternative to the 24/7 company-monitored security system, or augment such a solution. With Wi-Fi-enabled security cameras, connected motion sensors, and smart smoke and carbon monoxide alarms, it is possible to monitor your home security system through live video feeds, emails, and text alerts, and remotely make changes to security parameters via your smartphone or tablet. Sensors can warn you of water leaks, fires, humidity levels, and other potentially dangerous malfunctions or environmental conditions directly, no matter where you are.

For many homeowners, security and energy management take a back seat to convenience, perhaps the most attractive feature of the connected home. A recent study conducted by Lowe's Home Improvement found that approximately 70% of consumers want to control something in their home via their mobile devices without leaving their bed.

Imagine the pleasure of coming home to find the lights switched on as you enter the house, the thermostat activated to ensure a comfortable temperature, and your favorite music playing softly in the background. According to Greg Gluchowski, president of Hardware and Home Improvement at Spectrum Brands, their Kwikset Home Connect Technology makes all of this and more possible by allowing your door lock to wirelessly communicate with other systems and devices in the house. By using your smartphone or tablet, you can control access to your home from anywhere in the world. Open the door as desired, grant contractors and delivery people access at specified times, or schedule regular visits from staff such as housekeepers or pet sitters.

"Smartphone capabilities have continued to expand, as have user comfort levels with smart devices," says Gluchowski. "At the same time, the physical size and cost of devices has declined. Consequently, consumers are becoming more comfortable with the idea of the smart home, and we offer a variety of alternatives that allow users to choose a smart locking system with the level of integration with which they're most comfortable."

The final step in transforming an ordinary home into a smart home is to consider how the products and devices will talk to one another. Some are wired, some are wireless, and some are a combination. However, with multiple connected devices the smartest option is to invest in a single smart home controller, or hub, that will act as a command center for every device in your home.

Business Insider projects that connected home device shipments will grow at a compound annual rate of 67% over the next five years. Indeed, the likes of Google and Microsoft are also making big investments to get into the game. Last year, Google spent $3.2 billion to buy Nest Labs, the company behind some of the most well-known home automation products available, while Microsoft established a startup accelerator to focus on companies that make devices and software for the connected home.

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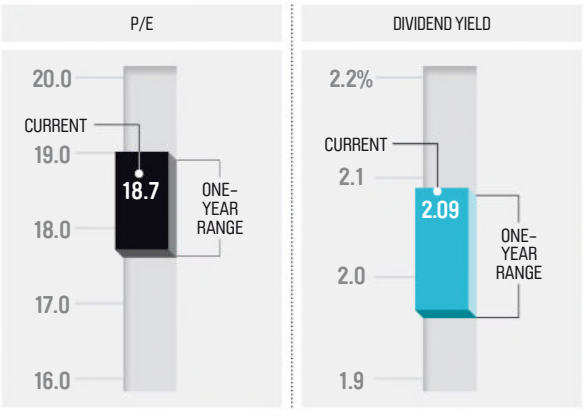
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Stocks Exhibit Split Personality

ON THE ONE HAND, bad news from China and Europe pushed economically sensitive commodities lower, resulting in 7% drops for energy and basic-materials stocks. However, the strength of business activity in the U.S. led to gains for the economically sensitive financial sector.

S&P 500 RATIOS



BENCHMARKS

INDEX	TOTAL RETURN ONE MONTH	ONE YEAR	THREE YEARS[1]
S&P 500	**-0.3%**	8.8%	18.2%
Nasdaq[2]	**0.4**	16.1	20.9
Russell 2000	**-2.5**	10.3	18.3
Morgan Stanley EAFE	**-2.6**	-2.2	13.0
Dow Jones industrial average	**-1.4**	6.8	14.4
Barclays U.S. aggregate bond index	**0.3**	1.9	1.4
SECTOR			
Consumer staples	**2.8**	14.5	15.6
Financials	**1.8**	13.6	23.4
Consumer discretionary	**1.8**	19.4	23.9
Health care	**1.0**	26.7	28.5
Utilities	**0.5**	4.4	8.6
Information technology	**-0.3**	11.0	17.8
Telecom services	**-1.6**	-2.8	5.7
Industrials	**-3.4**	1.8	17.7
Basic materials	**-7.2**	-4.9	12.0
Energy	**-7.3**	-26.4	2.7

NOTES AND SOURCES: *Stock index data as of July 22 from Lipper, New York; 877-955-4773. Sector returns from Bloomberg. Bond index data from Barclays. Monthly S&P 500 ratios are as of July 24 from Standard & Poor's. P/E ratios are based on previous four quarters of operating earnings. Biggest funds ranked by total net assets. [1]Annualized. [2]Price change only.*

BIGGEST MUTUAL FUNDS BY CATEGORY

CATEGORY	TOTAL RETURN ONE YEAR	THREE YEARS[1]	EXPENSES (AS % OF ASSETS)
LARGE-CAP STOCKS			
Fidelity Contrafund (FCNTX)	14.3%	19.0%	0.64
American Funds Growth Fund of America (AGTHX)	9.6	20.0	0.66
Dodge & Cox Stock (DODGX)	5.2	21.4	0.52
American Funds Investment Co. of America (AIVSX)	5.1	17.4	0.59
American Funds Wash. Mutual Investors (AWSHX)	4.4	15.7	0.58
MIDCAP			
Fidelity Low-Priced Stock (FLPSX)	7.3	18.7	0.82
Vanguard Mid-Cap Index (VIMAX)	9.5	20.2	0.09
Fidelity Spartan Extended Market Index (FSEVX)	8.5	19.5	0.07
Vanguard Extended Market Index (VEXAX)	8.4	19.7	0.10
Columbia Acorn (ACRNX)	7.5	15.4	0.79
SMALL-CAP			
Vanguard Small-Cap Index (VSMAX)	7.5	19.0	0.09
Vanguard Explorer (VEXRX)	10.4	20.3	0.36
T. Rowe Price Small-Cap Value (PRSVX)	-0.3	13.4	0.96
Vanguard Small-Cap Value Index Fund (VSIAX)	5.1	18.9	0.09
Vanguard Small-Cap Growth Index (VSGAX)	10.2	18.9	0.09
BALANCED			
Vanguard Wellington (VWENX)	4.2	12.2	0.18
American Funds American Balanced (ABALX)	5.1	12.6	0.59
Fidelity Balanced (FBALX)	7.6	13.0	0.56
Fidelity Puritan Fund (FPURX)	8.0	13.3	0.56
Oakmark Equity and Income (OAKBX)	1.7	12.0	0.74
INTERNATIONAL			
Vanguard Total International Stock Index (VGTSX)	-5.1	10.2	0.22
Harbor International (HAINX)	-1.6	10.9	0.75
American Funds EuroPacific Growth (AEPGX)	2.4	13.0	0.83
Vanguard International Growth Fund (VWILX)	-1.4	13.0	0.34
Fidelity Diversified International Fund (FDIVX)	5.2	15.3	0.91
EMERGING MARKETS			
American Funds New World (NEWFX)	-6.2	7.1	1.03
Vanguard Emerging Markets Stock Index (VEMAX)	-9.1	3.2	0.15
T. Rowe Price Emerging Markets Stock (PRMSX)	-6.6	4.2	1.24
Fidelity Emerging Markets (FEMKX)	-6.7	6.1	1.07
Russell Emerging Markets (REMSX)	-13.4	2.7	1.51
U.S. GOVERNMENT BONDS			
Fidelity Government Income (FGOVX)	2.1	1.0	0.45
American Funds U.S. Government Securities (AMUSX)	1.6	0.7	0.64
MFS Government Securities (MFGSX)	1.5	0.5	0.88
Sit U.S. Government Securities (SNGVX)	1.7	0.4	0.80
J.P. Morgan Government Bond (OGGAX)	2.3	0.5	0.75
INVESTMENT-GRADE			
Vanguard Total Bond Market Index (VBTLX)	1.8	1.4	0.07
Vanguard Total Bond Market II Index (VTBIX)	1.7	1.3	0.10
Dodge & Cox Income (DODIX)	1.0	2.8	0.44
Vanguard Short-Term Investment-Grade (VFSUX)	1.2	1.9	0.10
T. Rowe Price New Income (PRCIX)	1.5	1.6	0.61
HIGH YIELD			
Vanguard High-Yield Corporate (VWEAX)	1.9	5.6	0.13
American Funds American High-Income Trust (AHITX)	-2.5	4.9	0.66
Fidelity Capital & Income (FAGIX)	3.4	9.1	0.72
Fidelity High Income (SPHIX)	-0.2	5.3	0.72
Northern High Yield Fixed Income (NHFIX)	-1.1	6.2	0.81
TAX-EXEMPT			
Vanguard Intermediate-Term Tax-Exempt (VWIUX)	2.7	2.6	0.12
Fidelity Municipal Money Market (FTEXX)	0.0	0.0	0.40
Vanguard Limited-Term Tax-Exempt (VMLUX)	1.1	1.2	0.12
Vanguard Tax-Exempt Money Market (VMSXX)	0.0	0.0	0.16
Vanguard Short-Term Tax-Exempt Fund (VWSUX)	0.4	0.6	0.12


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Foreign Woes Weigh on Funds

MONEY 50 PORTFOLIOS WITH BIG STAKES IN CHINA AND THE EMERGING MARKETS TAKE A HIT.

AS GREECE CAME CLOSE to defaulting before negotiating a fragile deal with its creditors, Chinese equities began an epic collapse that erased $4 trillion of wealth in just a few weeks. The twin crises threatened global growth and commodity prices, dealing a blow to many of the stock portfolios in our recommended list of mutual and exchange-traded funds.

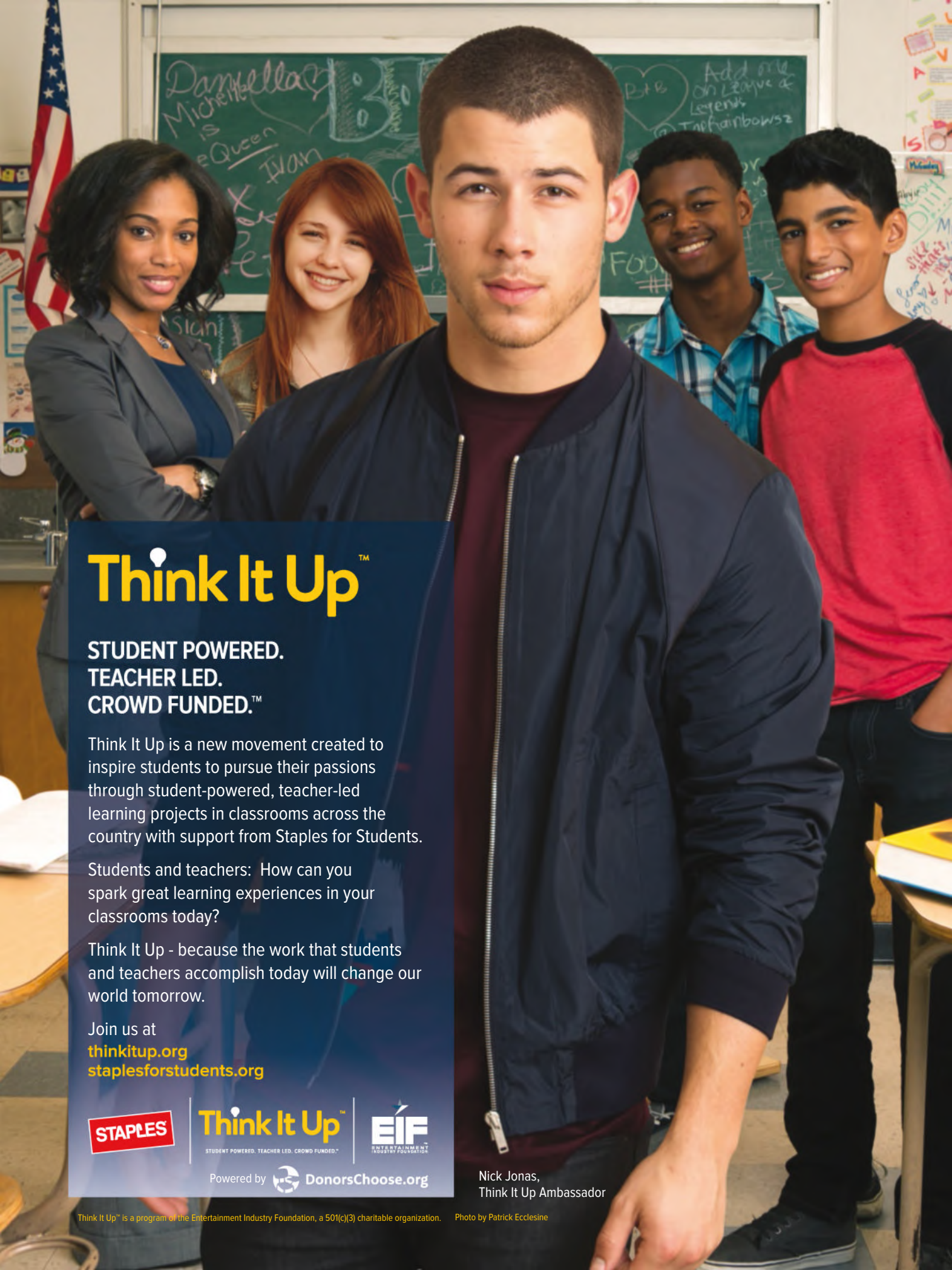
MONEY 50 members focused on foreign stocks were hit hardest in the four weeks ended July 22. For instance, **Vanguard Emerging Markets Stock** declined 5%. Meanwhile, China's economic troubles further pressured the commodity market. That proved particularly vexing for the **Delafield Fund,** which fell 9.3% because of its large exposure to the basic-materials sector. —TAYLOR TEPPER

HOW TO USE OUR RECOMMENDED LIST

Building-block funds: For broad exposure to core asset classes
Custom funds: Specialized investments that can tilt your strategy
One-decision funds: If you want stocks and bonds in one portfolio

FUND (TICKER)	TOTAL RETURN ONE MONTH	TOTAL RETURN ONE YEAR	TOTAL RETURN THREE YEARS[1]	EXPENSES (AS % OF ASSETS)	PHONE NUMBER (800)
BUILDING-BLOCK FUNDS					
▼ Large-Cap					
Schwab S&P 500 Index (SWPPX)	**-0.3%**	8.7%	18.1%	0.09	435-4000
Schwab Total Stock Market Index (SWTSX)	**-0.8**	8.6	18.4	0.09	435-4000
▼ Midcap/Small-Cap					
iShares Core S&P Mid-Cap (IJH)	**-3.0**	7.5	18.5	0.14	474-2737
iShares Core S&P Small Cap (IJR)	**-2.7**	9.3	18.9	0.14	474-2737
▼ Foreign					
Fidelity Spartan International (FSIIX)	**-2.2**	-2.2	13.0	0.20	544-8544
Vanguard Total Intl. Stock (VGTSX)	**-3.2**	-5.1	10.2	0.22	662-7447
Vanguard FTSE A/W ex-U.S. Small (VFSVX)	**-3.8**	-6.5	10.8	0.37	662-7447
Vanguard Emerging Markets (VEIEX)	**-5.0**	-9.3	3.0	0.33	662-7447
▼ Specialty					
Vanguard REIT Index Investor (VGSIX)	**2.0**	6.8	10.1	0.26	662-7447
▼ Bond					
Vanguard Total Bond Market (VBMFX)	**0.4**	1.7	1.3	0.20	662-7447
Vanguard Short-Term Bond (VBISX)	**0.0%**	1.1%	0.8%	0.20	662-7447
Vanguard Inflation-Protected (VIPSX)	**0.1**	-2.3	-1.6	0.20	662-7447
Vanguard Short-Term Infl.-Prot. (VTIP)	**-0.2**	-2.0	N.A.	0.10	662-7447
Vanguard Total Intl. Bond Index (VTIBX)	**0.9**	3.7	N.A.	0.23	662-7447
CUSTOM FUNDS					
▼ Large-Cap					
Dodge & Cox Stock (DODGX)	**-0.6**	5.2	21.4	0.52	621-3979
PowerShares FTSE RAFI U.S. 1000 (PRF)	**-1.7**	4.6	18.8	0.39	843-2639
Sound Shore (SSHFX)	**-1.1**	4.0	21.8	0.92	551-1980
Primecap Odyssey Growth (POGRX)	**-0.7**	15.1	21.8	0.63	729-2307
T. Rowe Price Blue Chip Growth (TRBCX)	**3.1**	17.6	22.6	0.72	638-5660
▼ Midcap					
Delafield Fund (DEFIX)	**-9.3**	-14.9	9.1	1.21	697-3863
Ariel Appreciation (CAAPX)	**-2.7**	7.1	22.0	1.12	292-7435
Weitz Hickory (WEHIX)	**-4.4**	2.0	11.7	1.22	304-9745
T. Rowe Price Div. Mid Cap Gro. (PRDMX)	**-1.6**	15.8	20.3	0.89	638-5660
▼ Small-Cap					
Royce Opportunity (RYPNX)	**-6.7**	-4.6	16.0	1.15	221-4268
Vanguard Small-Cap Value (VBR)	**-3.5**	5.0	18.9	0.09	662-7447
Berwyn (BERWX)	**-6.5**	-7.9	11.6	1.17	992-6757
Wasatch Small Cap Growth (WAAEX)	**-2.2**	14.3	15.8	1.21	551-1700
▼ Specialty					
PowerShares Intl. Div. Achievers (PID)	**-6.1**	-12.1	7.5	0.54	983-0903
SPDR S&P Dividend (SDY)	**-1.6**	6.6	15.7	0.35	787-2257[2]
Cohen & Steers Realty Shares (CSRSX)	**2.3**	8.9	11.1	0.97	437-9912
SPDR Dow Jones Intl. Real Estate (RWX)	**-1.2**	-2.1	9.4	0.59	787-2257[2]
iShares N. American Nat. Resources (IGE)	**-9.8**	-31.0	-0.8	0.48	474-2737
▼ Foreign					
Oakmark International (OAKIX)	**-2.2**	-0.5	18.1	0.95	625-6275
Vanguard International Growth (VWIGX)	**-3.1**	-1.5	12.9	0.47	662-7447
T. Rowe Price Emerging Markets (PRMSX)	**-3.3**	-6.6	4.2	1.24	638-5660
▼ Bond					
Dodge & Cox Income (DODIX)	**0.0**	1.0	2.8	0.44	621-3979
Fidelity Total Bond (FTBFX)	**0.1**	1.7	2.2	0.45	544-8544
Vanguard Short-Term Inv. Grade (VFSTX)	**0.0**	1.1	1.8	0.20	662-7447
iShares iBoxx $ Inv. Grade Corp. Bond (LQD)	**0.2**	0.2	2.3	0.15	474-2737
Loomis Sayles Bond (LSBRX)	**-2.4**	-6.0	4.4	0.91	633-3330
Fidelity High Income (SPHIX)	**-1.2**	-0.2	5.3	0.72	544-8544
Vanguard Intm.-Term Tax-Ex. (VWITX)	**0.6**	2.6	2.5	0.20	662-7447
Vanguard Limited-Term Tax-Ex. (VMLTX)	**0.6**	1.0	1.1	0.20	662-7447
Templeton Global Bond[3] (TPINX)	**-0.7**	-2.1	3.7	0.88	632-2301
Fidelity New Markets Income (FNMIX)	**-0.4**	-3.9	2.4	0.90	544-8544
ONE-DECISION FUNDS					
▼ Balanced					
Fidelity Balanced (FBALX)	**-0.4**	7.6	13.0	0.56	544-8544
Fidelity Global Balanced (FGBLX)	**-1.0**	-1.7	7.8	0.99	544-8544
Vanguard Wellington (VWELX)	**-0.3**	4.2	12.1	0.26	662-7447
▼ Target Date					
T. Rowe Price Retirement series (STOCK/BOND ALLOCATION)					
Example: 2005 Fund (45%/55%) (TRRFX)	**-0.7**	1.3	7.2	0.59	638-5660
Example: 2020 Fund (68%/32%) (TRREX)	**-1.0**	3.2	11.5	0.67	638-5660
Vanguard Target Retirement series					
Example: 2025 Fund (70%/30%) (VTTVX)	**-0.9**	3.7	11.5	0.17	662-7447
Example: 2035 Fund (84%/16%) (VTTHX)	**-1.2**	3.9	13.7	0.18	662-7447

NOTES: As of July 22, 2015. N.A.: Not available. Load funds are included for those who prefer to use a broker. [1]Annualized. [2]Phone numbers are 866. [3]4.25% sales load.
SOURCES: Lipper, New York, 877-955-4773; the fund companies


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A Game of Catch With the Boys

by Paul J. Lim

HOW CAN A middle-aged, out-of-shape editor of a personal finance magazine justify spending $239 on a professional-caliber baseball glove when he hasn't played organized ball in 30 years? Common sense says I can't. But this purchase had nothing to do with dollars and cents, and everything to do with that universal faith dads have in their kids at a young age.

I'm the father of two boys—4-year-old Eli and 2-year-old Evan. Eli is finally old enough and coordinated enough to want to play some catch—and still young enough that he wants to play it with his dad. He's also young enough that once a day, every day, he comes up to me and asks for a hug.

He's still too young to throw much heat, of course. So "catch" between the two of us is really a soft toss at an extremely short distance with a very soft ball. Which raises the question: Why did I buy a Wilson A2000 first-baseman's mitt, similar to one worn by Mike Napoli of the Red Sox? I could have opted for a serviceable $50 mitt. Such gloves are usually made of a lower-grade leather, but they're soft right out of the box, so I would have saved myself some money as well as the effort of breaking mine in.

But breaking in a baseball glove—conditioning the leather by beating it, soaking it, oiling it, and tying it up to make it supple enough to cradle a baseball effortlessly—is an essential part of the experience. My dad helped me break in my *first* first-baseman's mitt when I was 8 and just starting Little League. The day he died, when I was 12, was pretty much the last time I had picked up a baseball glove.

My new pricey mitt is already starting to get broken in, and my hope is that for $239, it will last for years. I realize that at some point relatively soon, Eli will stop asking for his daily hugs. And he may not want to hang out with me.

But I'm holding out hope that even when he's a teenager, a decade from now, he'll still have time for an occasional game of catch with his dad. And if he doesn't, perhaps Evan will be there for me. And when they have kids of their own, maybe one of them will want to use my glove to play catch with their sons or daughters.

That would certainly make this investment well worth it.

Assistant managing editor Paul J. Lim lives with his wife, Shirley Leung, and their boys, Eli and Evan.

Illustration by **GARY MUSGRAVE**


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